


**DTX 1251**  
**(USPS-ADS-0000016395)**  
**(Excerpt)**  
**(Redacted)**

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 : Additional information  
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# SALES RESULTS



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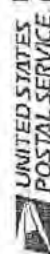
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## Executive Summary

1. COVID showed a great impact on FY21 revenue and YOY growth  
  - A positive impact was seen on Commercial, Retail and Digital with the largest impact on Commercial
2. FY21 budget was near 2019 levels because of Vote  
by Mail campaign and COVID recovery  
  - While media driven revenue did grow significantly (increase YOY), ROAS was softer in comparison
  - While competitors had all time high media weight in JFM, USPS was dark after launch was shifted from Feb to April
  - Dramatic shift in SOV had a negative impact on ROAS
3. were the strongest performing channels YOY
4. Business Equity neared 2019 level with lower but still strong ROAS  
  - continued as top ROAS channel with strongest impacts on sales, more effective at
  - ROAS declined due to condensed flighting and the resulting higher weight levels
  - For higher spend showed diminishing returns

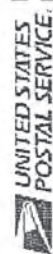
5. outperformed the other TV dayparts  
  - saw diminishing returns behind condensed flighting, higher spend and more :30s
6. In OLV, there were big differences in performance across partners  
  - for effectiveness and efficiency, but with smaller spends
  - outperformed other partners for non-FEP
7.  
  - We have seen a trend of increased performance for across brands
  - Consider testing higher levels of investment, including continued to outperform GM
  - Differences became smaller as the spend is closer to the saturation point
  - newly introduced, performed well as continues to be the top channel
- 8.



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# FISCAL YEAR RESULTS



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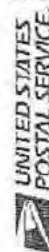
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USPS-ADS-0000016401

## Performance was measured by campaign, target and channels taking non-media control variables into consideration

Reporting Time Period	Performance by Campaign	Media Channels
<ul style="list-style-type: none"> <li>FY19: 9/24/2018 – 9/22/2019</li> <li>FY20: 9/23/2019 – 9/20/2020</li> <li>FY21: 9/21/2020 – 9/19/2021</li> <li>Feb-Sep 19: 1/28/2019 – 9/22/2019</li> <li>Feb-Sep 20: 1/27/2020 – 9/20/2020</li> <li>Feb-Sep 21: 1/25/2021 – 9/19/2021</li> </ul>	<ul style="list-style-type: none"> <li>Business Equity</li> <li>Holiday Equity</li> <li>Informed Delivery</li> <li>Content Marketing</li> <li>Pre Holiday Shipping</li> <li>Other Equity</li> <li>Other Lead Gen</li> <li>Vote by Mail</li> </ul>	<ul style="list-style-type: none"> <li>TV (Linear, DR, Advanced, Addressable)</li> <li>Online Video</li> <li>Digital Display</li> <li>Streaming Audio</li> <li>Radio</li> <li>Search</li> <li>Social</li> <li>Direct Mail</li> <li>Print</li> <li>Cinema</li> <li>Influencer</li> </ul>
Performance by Target <div style="background-color: black; width: 100px; height: 20px; margin: 5px 0;"></div> <ul style="list-style-type: none"> <li></li> <li></li> </ul>	Non-media control variables <ul style="list-style-type: none"> <li>Economic variables</li> <li>Competitive</li> <li>Seasonality</li> <li>On Time Rate/Wait Time</li> <li>COVID-19*</li> </ul>	

\* Tested the numbers of cases, Google Trend and YouGov Sentiment Data. YouGov Sentiment is included in the model.



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**These latest models covered 84% of USPS Revenue**

- Approximately \$172.9B of the \$205.7B in revenue was modeled (Oct 2018 – Sep 2021)
- A total 12 separate models were run for more accurate results

Line of Business	Revenue (FY19-FY21)	Modeled	Not Modeled*
<b>Commercial Revenue</b>			
Commercial	\$142.6B	\$128.1B First Class Mail, First Class Parcel, Standard, Priority, Parcel	\$14.5B Periodicals, Package Services, International, Ancillary Products and Special Services, Bound Printed Matter
<b>Retail Revenue</b>			
Post Office Retail	\$30.5B	\$24.4B First Class Mail, First Class Parcel, Priority, Other Retail w/Package Service, Contract Postal Units (CPU) & Self-Service Kiosks (SSK)	\$6.1B PO Box, Special Services, Miscellaneous, Passport, Money Order, Marketing Mail, MPOS, Other Revenue
<b>Digital Revenue</b>			
Digital	\$32.5B	\$20.4B Digital Priority & Package Services, International	\$12.1B First-Class Mail, Miscellaneous Products and Services, Stamps by Internet/Mail/Phone
<b>TOTAL</b>	<b>\$205.7B</b>	<b>\$172.9B (84%)</b>	<b>\$32.8B (16%)</b>

\* Not Modeled includes Residual Meter Revenue not mapped to Line of Business

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the first two studies (Hollander et al., 1992; Hollander and Loeber, 1993), and the third study (Hollander et al., 1994) found that the prevalence of conduct disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of oppositional defiant disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of attention deficit hyperactivity disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of major depressive disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of anxiety disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of substance use disorder was 10.2%, 12.2%, and 10.2% respectively. The prevalence of any disorder was 10.2%, 12.2%, and 10.2% respectively.

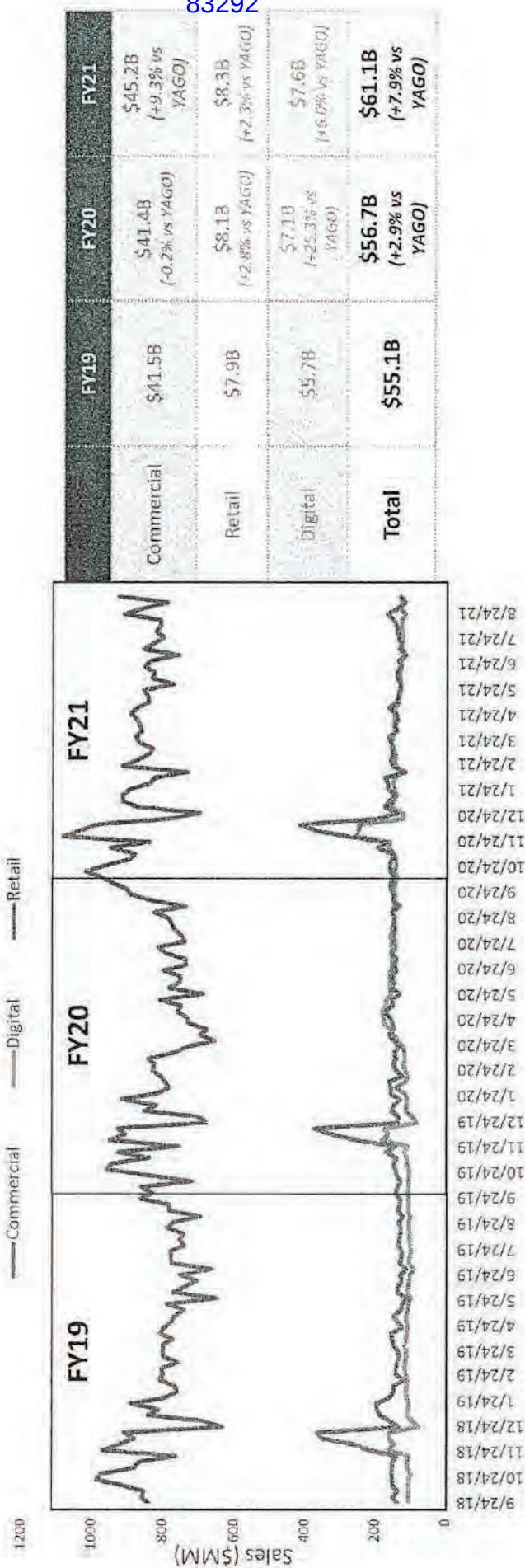
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# USPS Revenue grew by 8% in FY21 vs YAGO

USPS Revenue by Line of Business



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# Increased media investment, along with COVID continued to spur business growth in FY21

## Drivers of Revenue Changes (\$MM): FY21 vs. FY20

■ Increase ■ Decrease ■ Total



\*All Other includes Holiday, Stamp Price Increase, Competitive Media, Buzz, Wait Time, On-Time Rate (Ordered by largest positive impacts to largest negative impacts)



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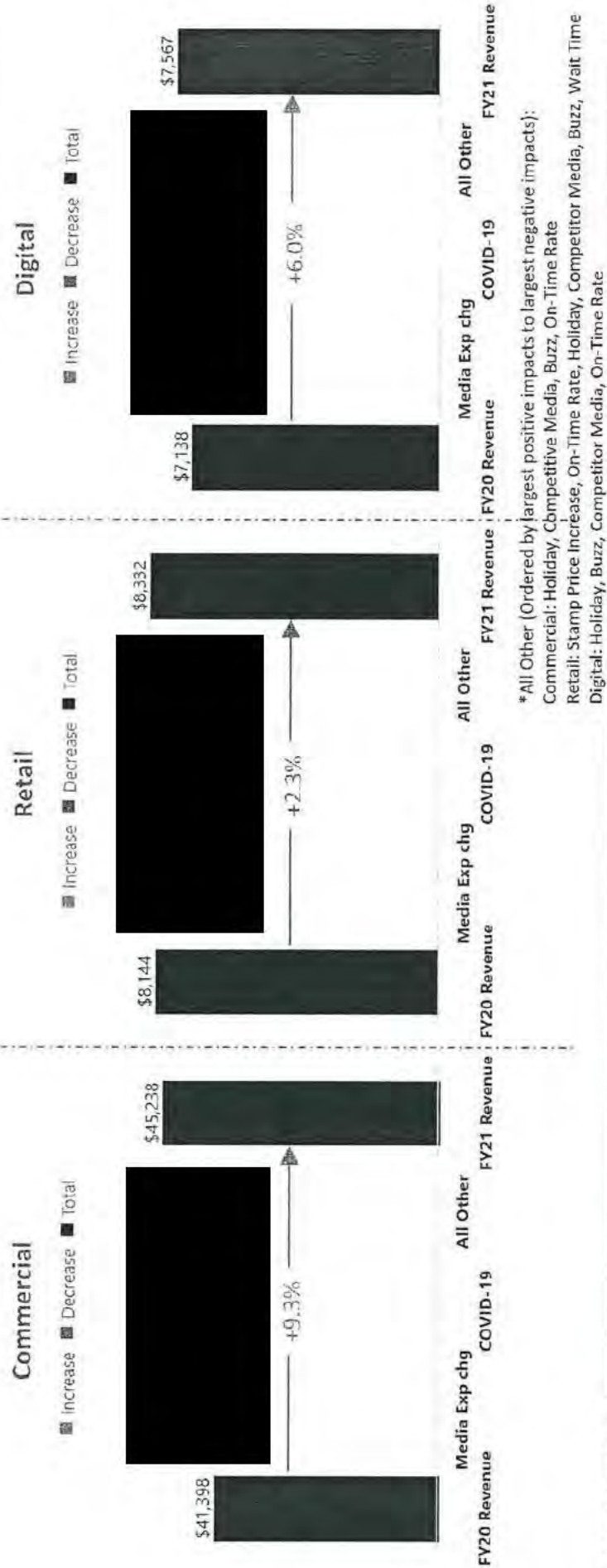


# As expected, Commercial experienced the strongest growth owing to COVID

## Drivers of Revenue Changes (\$MM): FY21 vs. FY20

By LOB

\* Scales of Y axis are not the same across charts.



\* All Other (Ordered by largest positive impacts to largest negative impacts):  
 Commercial: Holiday, Competitive Media, Buzz, On-Time Rate  
 Retail: Stamp Price Increase, On-Time Rate, Holiday, Competitor Media, Buzz, Wait Time  
 Digital: Holiday, Buzz, Competitor Media, On-Time Rate



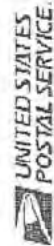
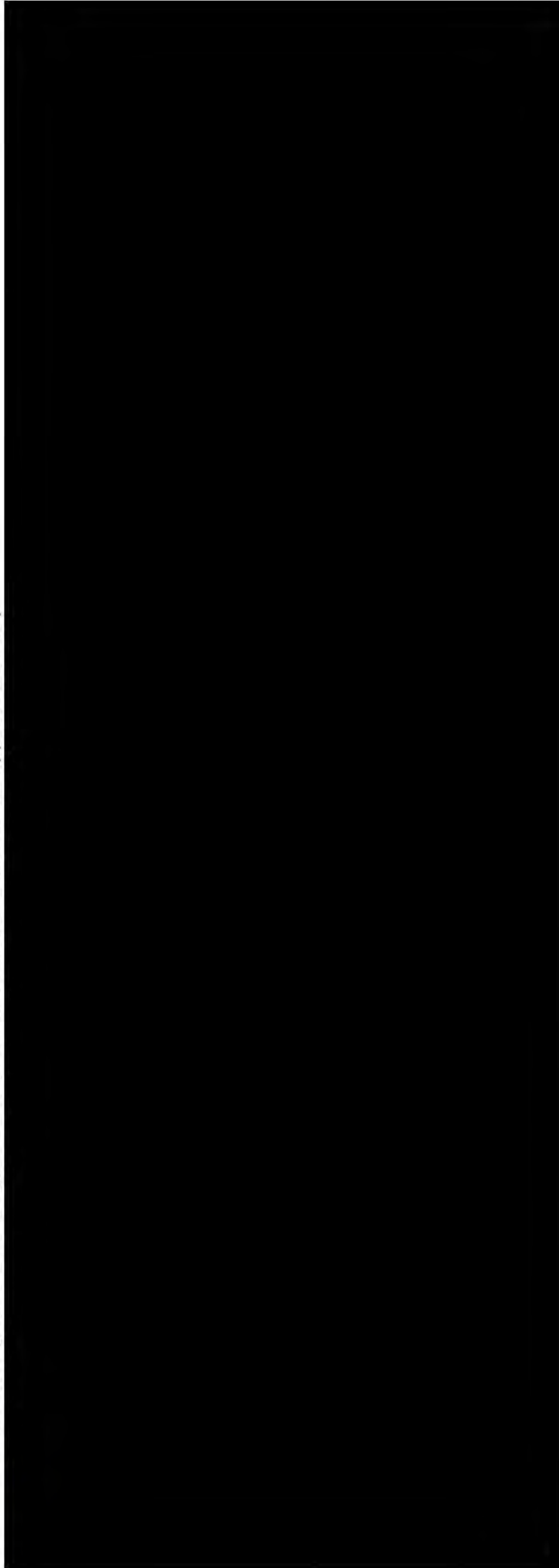
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FY 2019-2021

## FY21 budget was ramped back up to match 2019 Pre-COVID

- FY20 media was limited due to COVID sensitivities and messaging
- [REDACTED] shifted to FY21 for Vote by Mail
- FY19 was higher than average due to \$14MM in incremental funds approved in July



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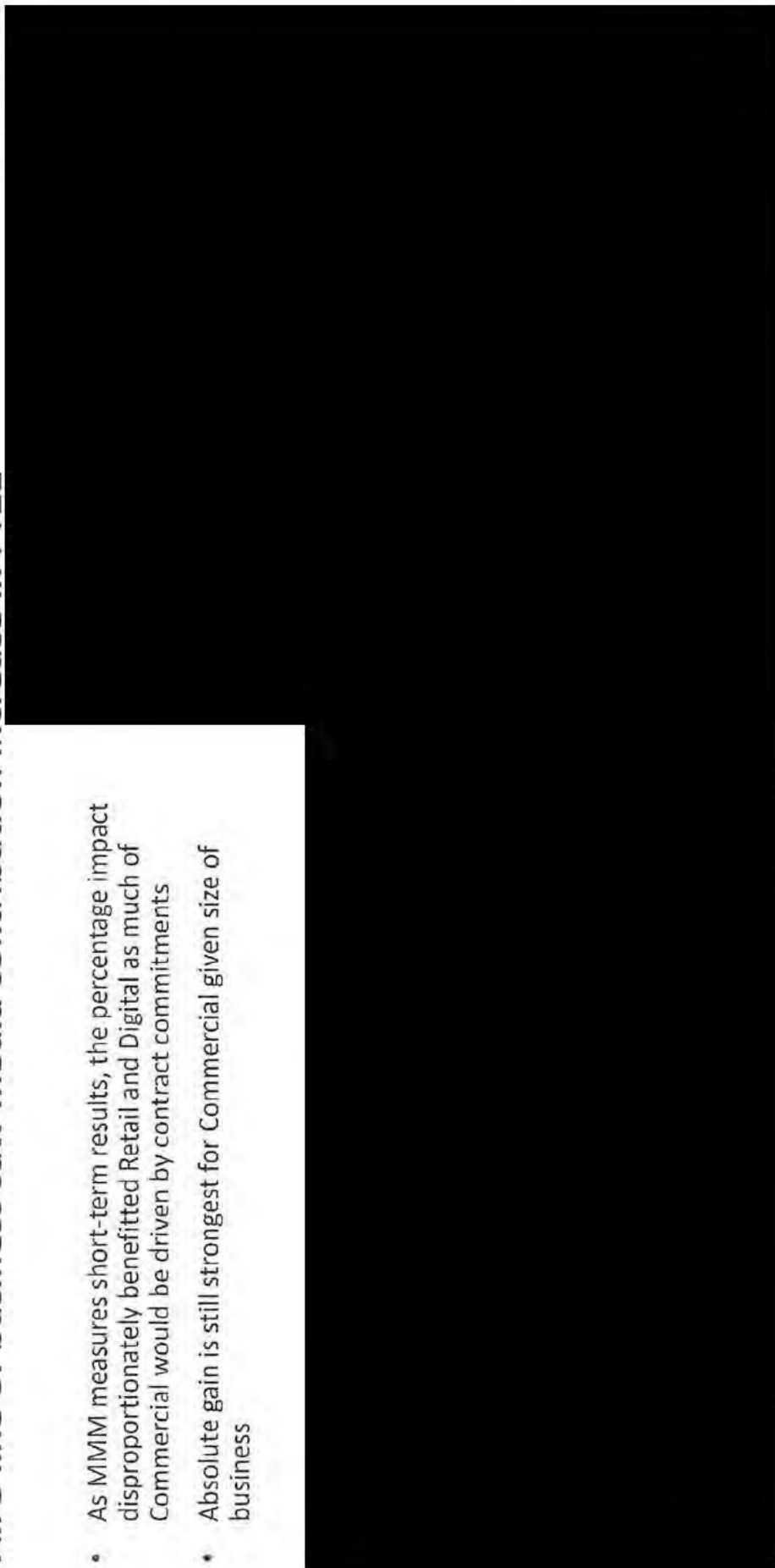
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FY 2019-2021

### All 3 line of business saw media contribution increase in FY21

- As MMM measures short-term results, the percentage impact disproportionately benefitted Retail and Digital as much of Commercial would be driven by contract commitments
- Absolute gain is still strongest for Commercial given size of business



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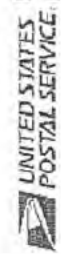
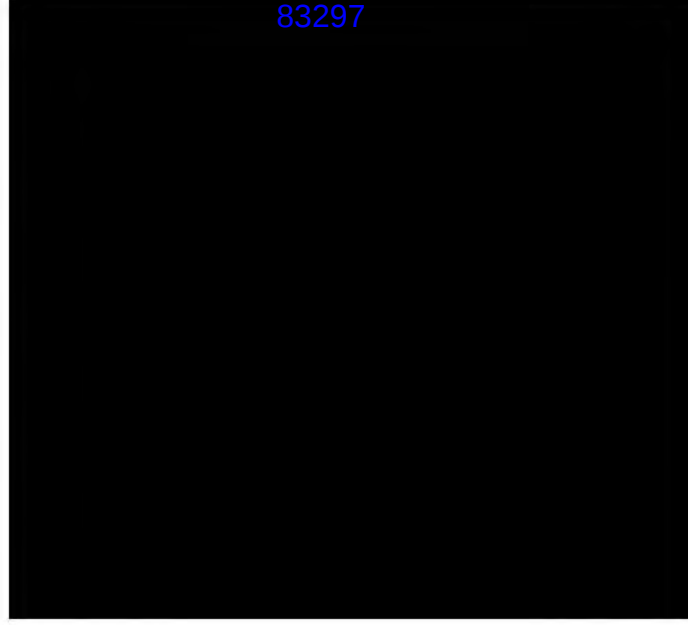
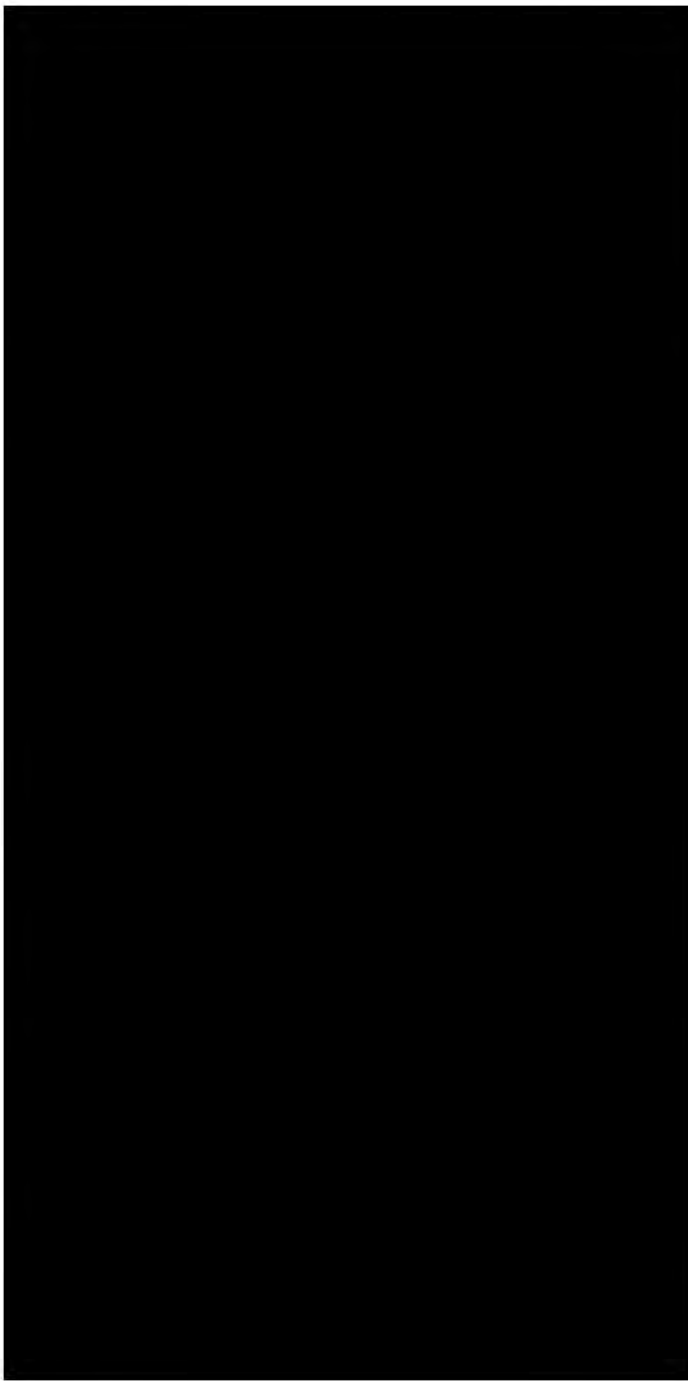


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FY 2019-2021

## Not maintaining activity in JFM '21 meant a lost ROAS opportunity

- FedEx and UPS increased their spend in JFM period significantly vs previous year (+77% vs. +82% respectively), rocketing ahead on SOV within the category



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\*Competitive spend data sourced from Kantar

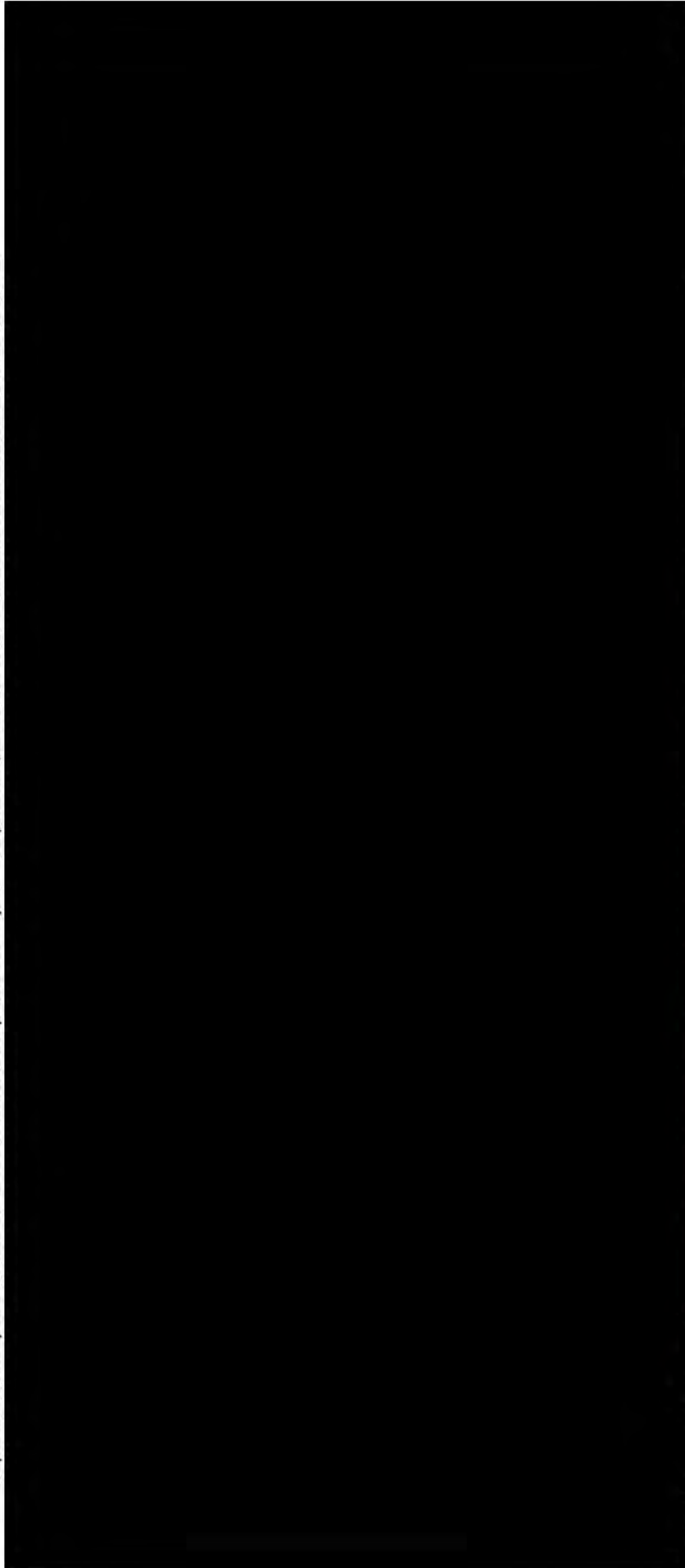
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**Maintaining SOV in JFM 21 would have increased FY21 ROAS by [REDACTED]**

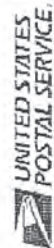
- The only difference between actual plan and hypothetical plan is the flighting. Flighting patterns of hypothetical plan are kept relatively consistent with the actual plan for Apr. – Sep and \$21MM was reallocated from AMJJAS to JFM



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# FEB-SEP ANALYSIS



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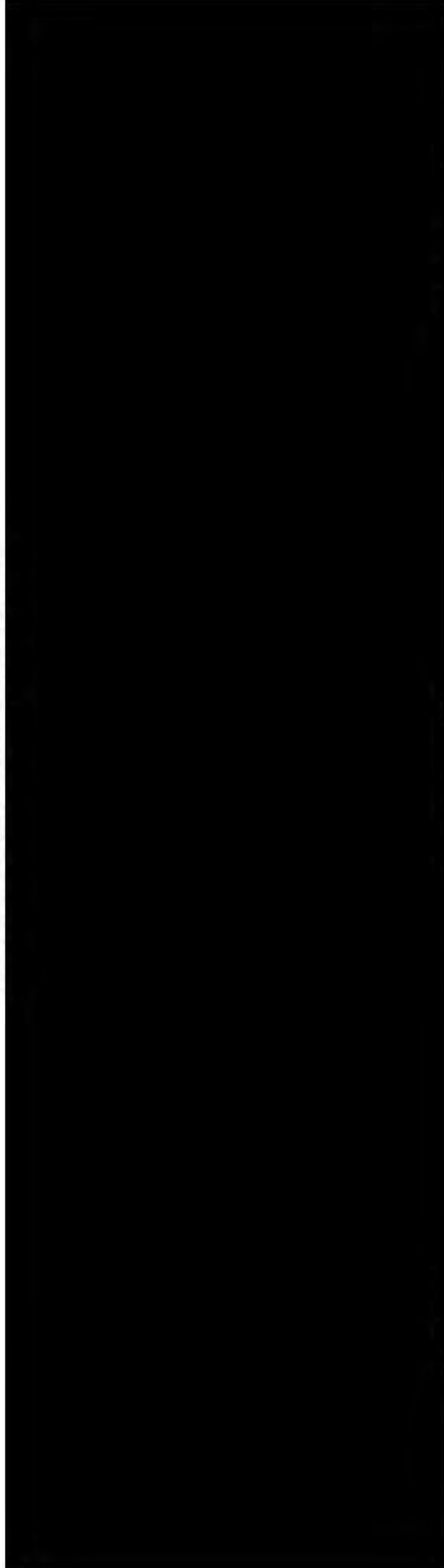


Feb - Sep '19-'21

## Feb-Sep '21 spend increased vs YAGO, but didn't quite go back to 2019 levels with its incremental JAS spend\*

- % media contribution & media driven revenue increase lagged behind spend increase due to lower media weights in JFM (vs. 2019) and lagging impact of higher competitive spend in JFM which impacted later months

### Media Driven Impact Summary: Feb-Sep 2021



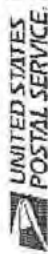
Media Spend

% Revenue from Media

Media Driven Revenue

■ Feb-Sep '19 ■ Feb-Sep '20 ■ Feb-Sep '21

\*\$14MM in incremental FY21 funding was approved in July



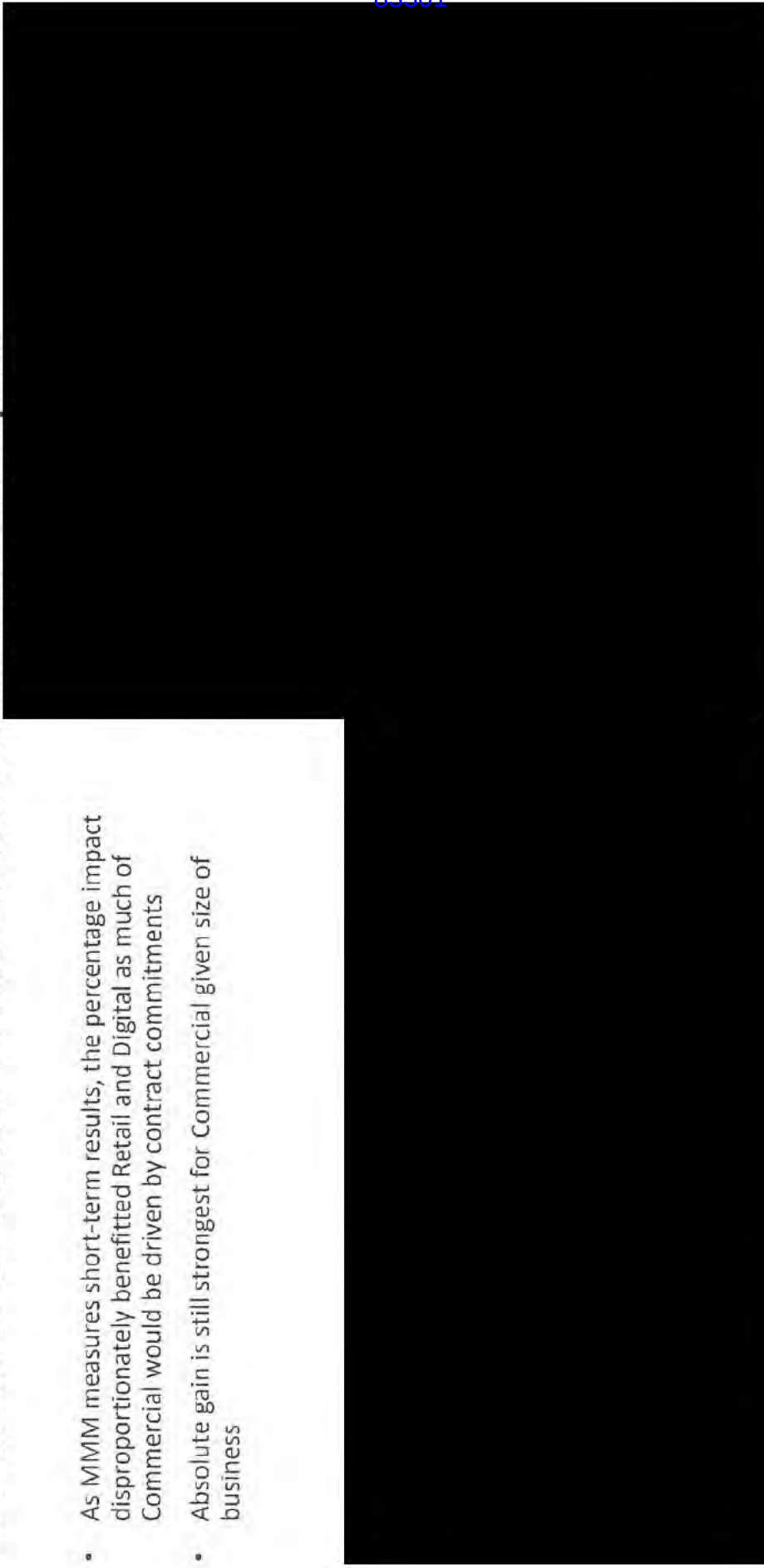
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Feb - Sep '19-'21

## All 3 revenue channels saw media contribution increase in Feb-Sep '21

- As MMM measures short-term results, the percentage impact disproportionately benefitted Retail and Digital as much of Commercial would be driven by contract commitments
- Absolute gain is still strongest for Commercial given size of business



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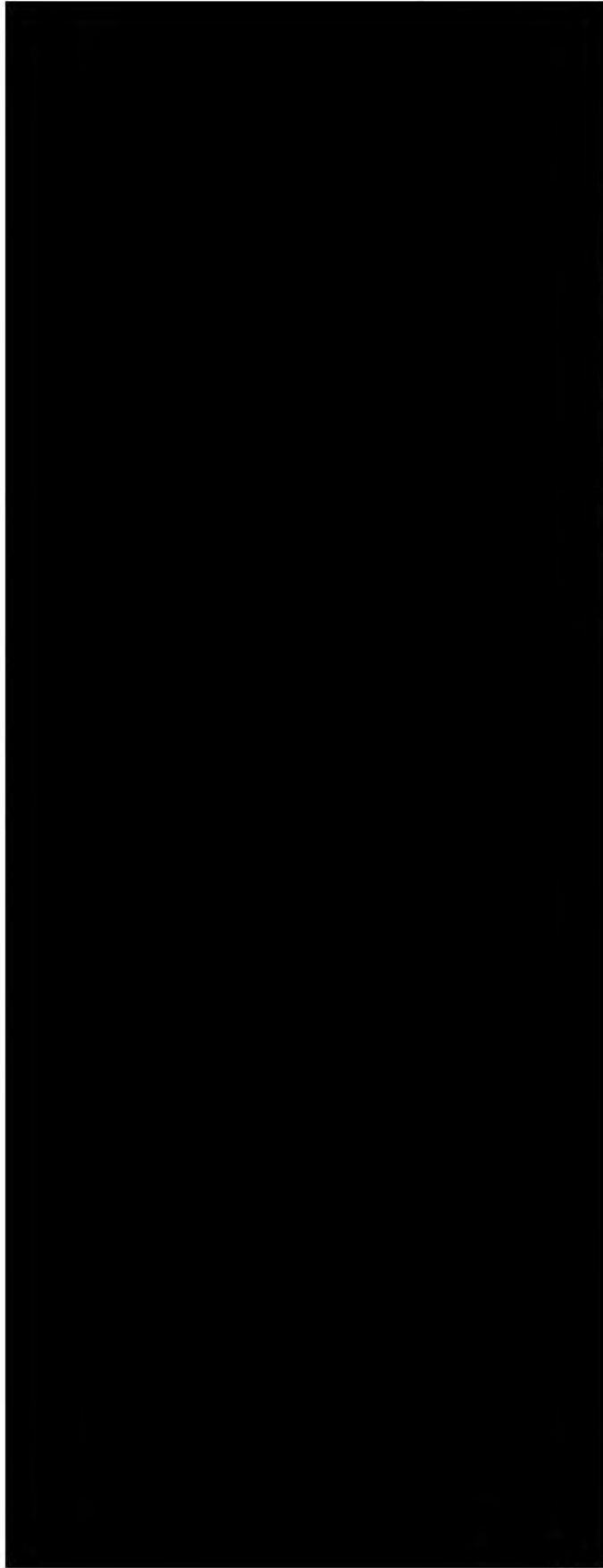


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Feb – Sep '19-'21

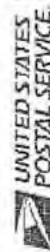
## Measurable B2B campaigns saw strong ROAS over past 3 years

- Content Marketing had high ROAS, but with much smaller spend



Spend (MM):  
% of Spend:  
Revenue (MM):  
% of Revenue:

\*Includes Feb-Sep '19, Feb-Sep '20, & Feb-Sep '21  
\*\* Other Equity includes Recruitment, Stamps, HDHR, Ted NPF, etc.



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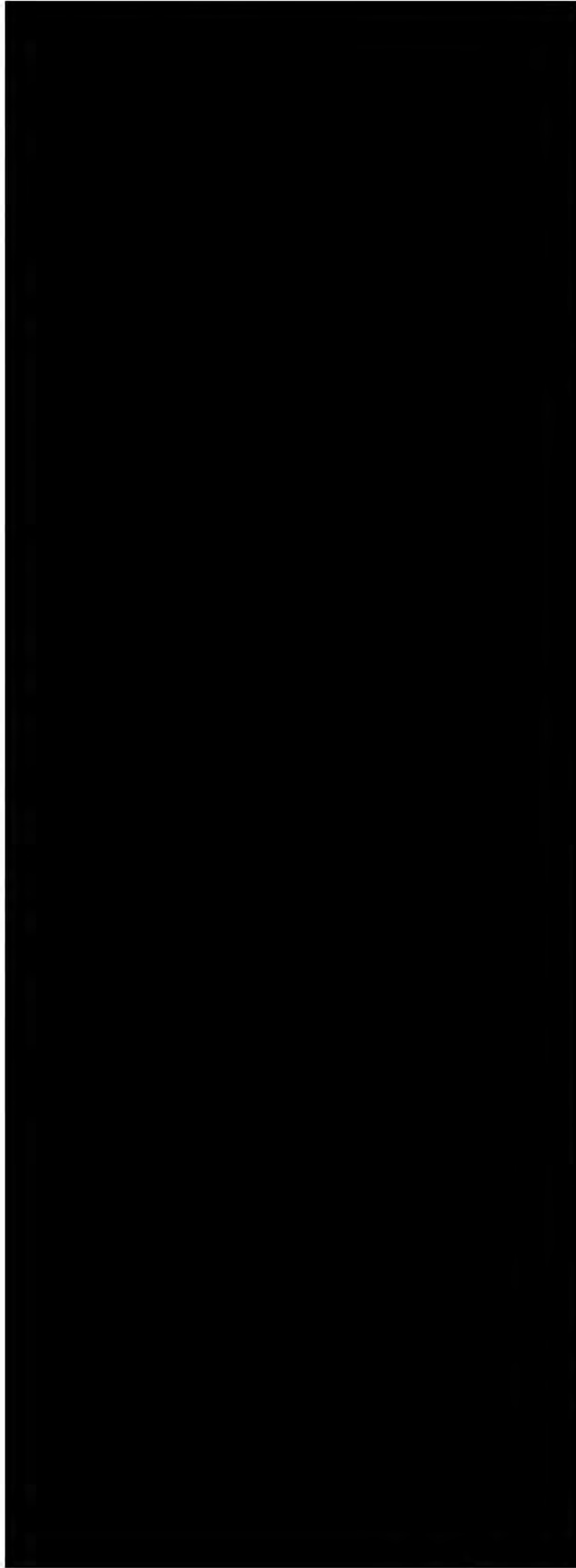


Feb - Sep '19-'21

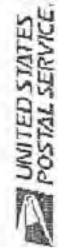
\_\_\_\_\_ were the strongest performing channels over past 3 years

Short-Term Marketing Revenue per \$1 Spent (ROAS)  
By Media Channel

■ Total Feb-Sep '19-'21\*



Spend (MM):  
% of Spend:  
Revenue (MM):  
% of Revenue:



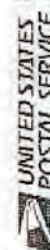
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# BUSINESS EQUITY CAMPAIGN BY CHANNEL

FY 2019	FY 2020	FY 2021
The Future Delivered	Uncertainty	New Routes



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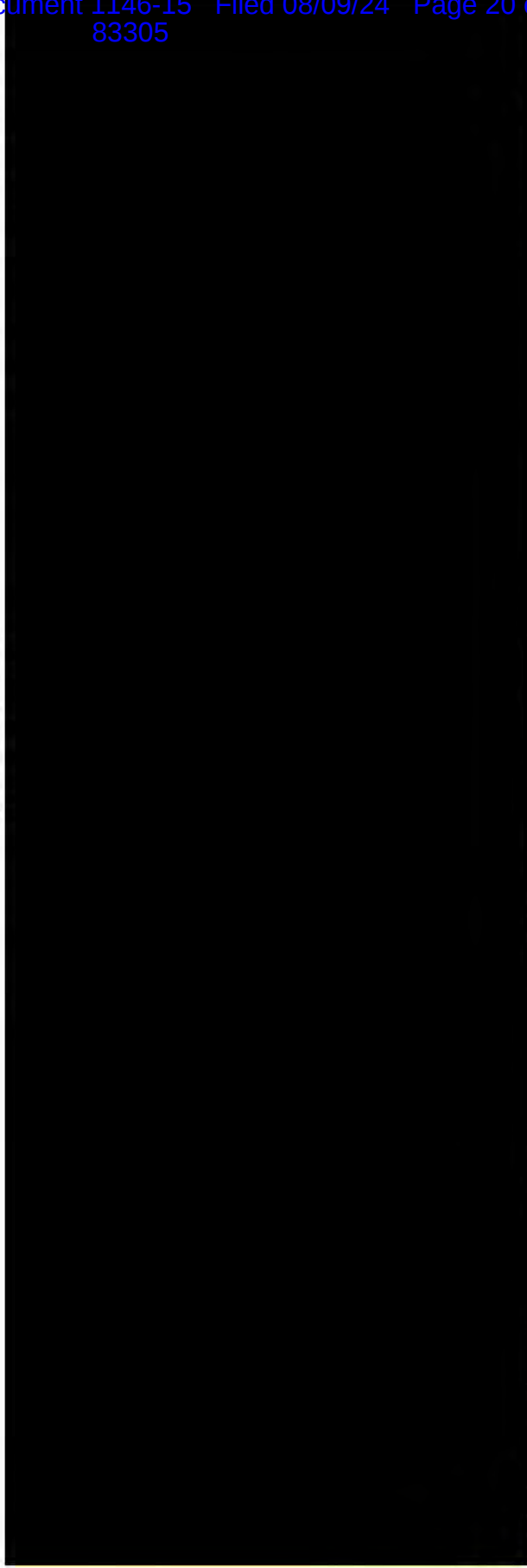
Business  
Equity

Results were close to 2019 levels after an unusual 2020

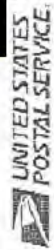
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Short-Term Marketing Revenue per \$1 Spent (ROAS)  
By Media Channel

Feb-Sep '19 Feb-Sep '20 Feb-Sep '21



Change in ROAS:  
Spend (MM):  
% of Spend:  
Revenue (\$MM):  
Change in Revenue:  
CPM (\*cpc for Search)



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\* Direct Mail and Cinema were not shown due to limited execution  
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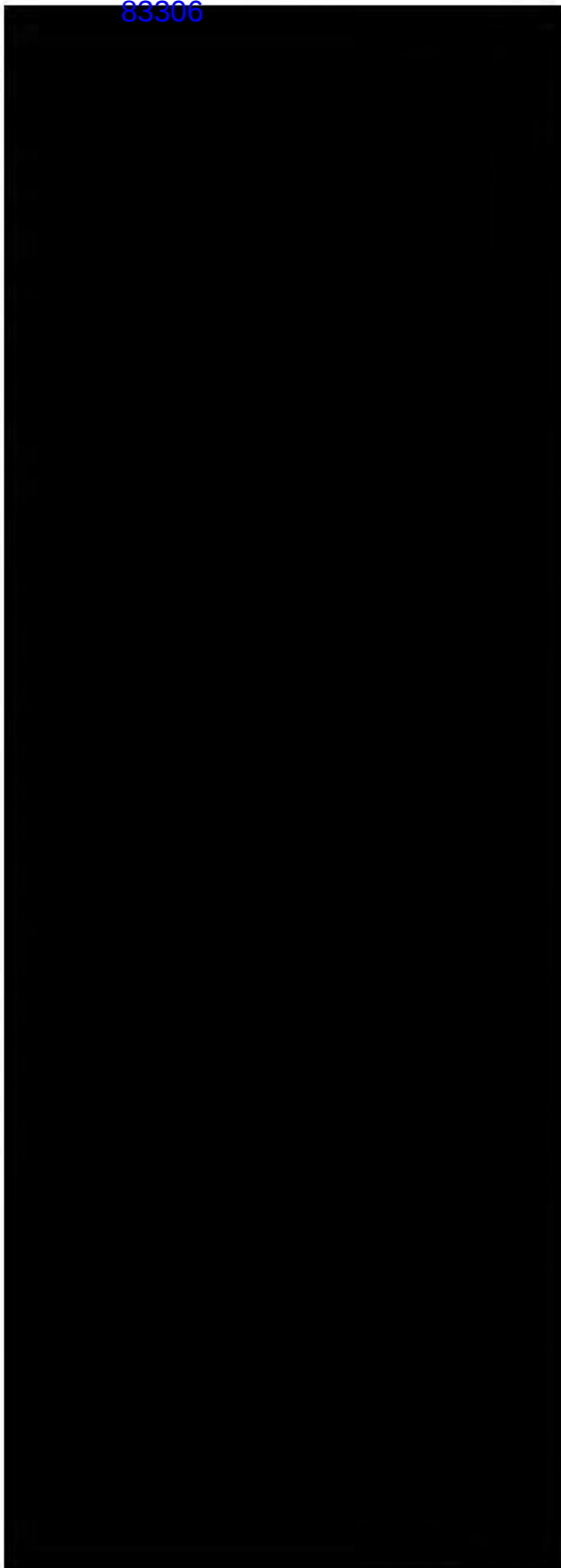


Business  
Equity  
Feb-Sep '21

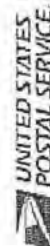
# At these spend levels, Display showed stronger impacts on Retail and Digital sales, while TV was stronger for Commercial sales

Short-Term Marketing Revenue per \$1 Spent (ROAS) Feb-Sep 2021

Commercial ROAS   Retail ROAS   Digital ROAS



Total ROAS:  
Spend (MM):  
% of Spend:  
Revenue (MM):  
% of Revenue:



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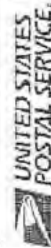
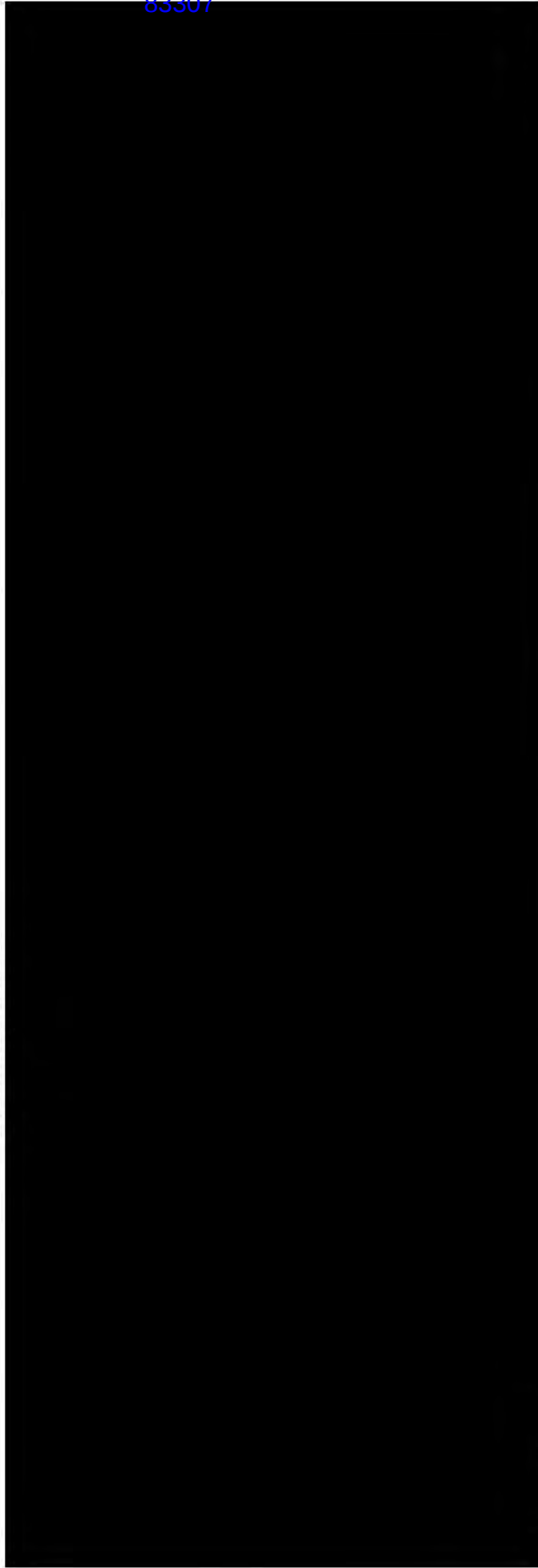
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Business  
Equity

## Revenue to spend ratio suggested investing more in Display

- Strictly from a revenue perspective, the model suggests moving funds from other channels into Display

% Spend vs % Contribution  
By Media Channel



2. No other information is to be disclosed to the public, including the identity of the person or entity that provided the information, the nature of the information, and the source of the information.

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# CHANNEL DEEP DIVE



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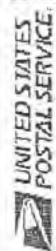
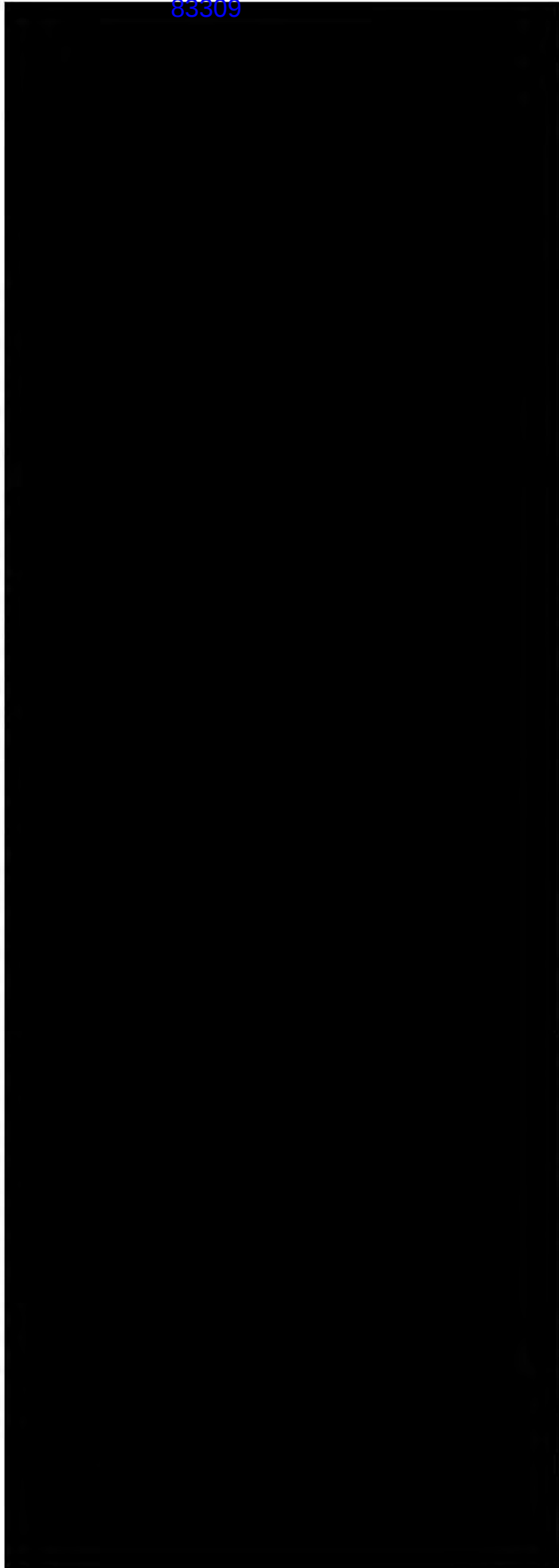
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TV Dayparts: [REDACTED] stayed in the Top 3 for both effectiveness and efficiency over past 3 years

TV  
Feb-Sep '19-'21

- [REDACTED] used to be in the Top 3 but saw diminishing returns at higher weight levels (condensed flighting)\*
- Addressable was positive, showing the right audience; would be better with lower CPM for increase efficiency
  - Due to earlier MMM results, we have moved away from this for lower-CPM data-driven linear as part of larger packages



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\*SLTV was an adaptation of the GM spot

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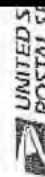
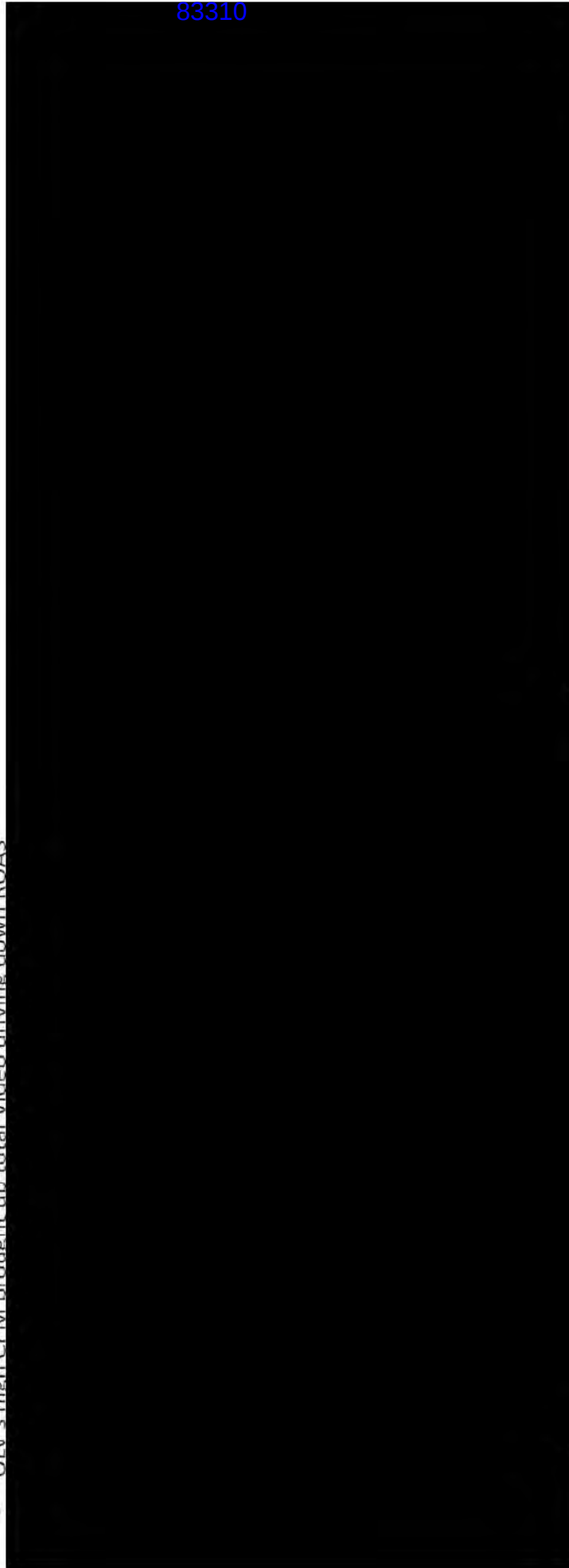


## TV Dayparts:

TV  
Feb-Sep '21

### outperformed other dayparts

- Overall TV/Video performance declined due to condensed flighting and higher CPM\*
- Viewing trends and CPM increases impacted Cable Entertainment and Spanish Language more than News and Sports (esp. Premium)
- OLV's high CPM brought up total Video driving down ROAS



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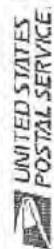
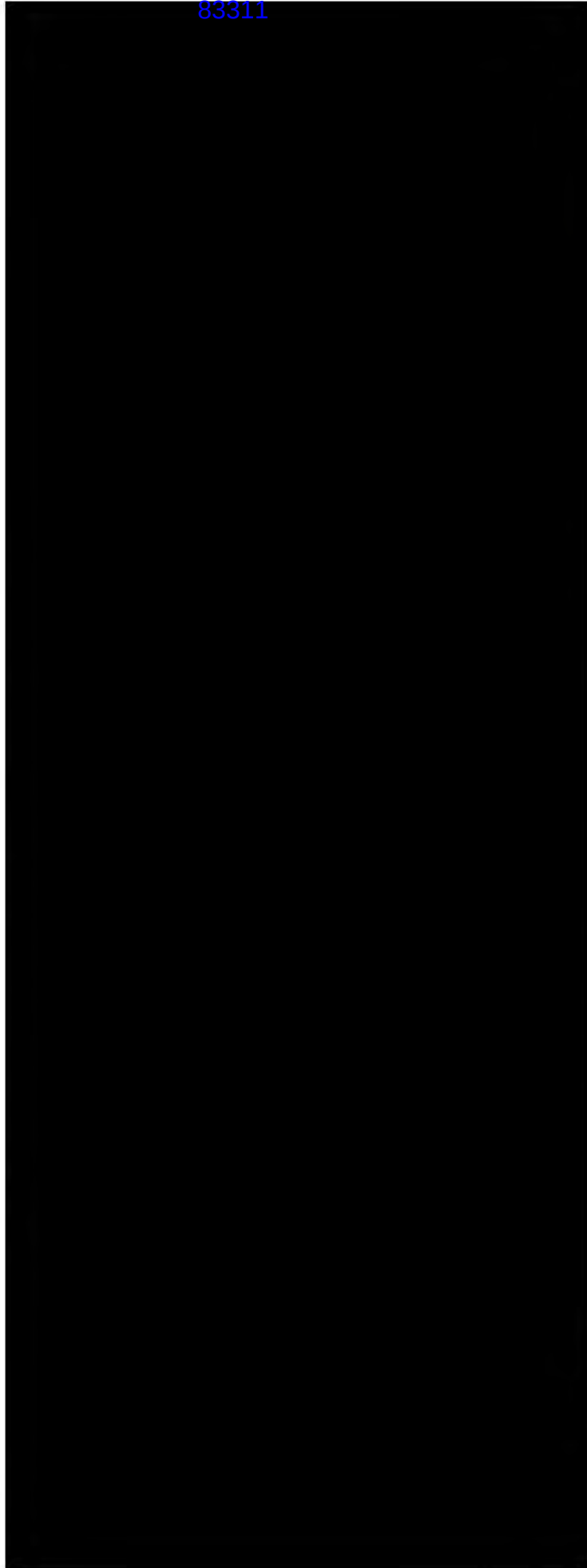


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OLV GM  
Feb-Sep '19-'21

Within OLV over the past three years, [REDACTED] were in the Top 3 for both effectiveness and efficiency over past 3 years, but with smaller spends

- [REDACTED] was the top Revenue driver, but less effective per impression
- [REDACTED] most effective per impression but high CPM drove efficiency down



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OLV GM  
Feb-Sep '21

[REDACTED] partners performed significantly better than [REDACTED]

[REDACTED] were new in Feb-Sep '21 but appeared to perform well  
[REDACTED] formed the other OLV partners [with a much smaller spend]

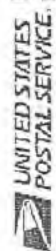
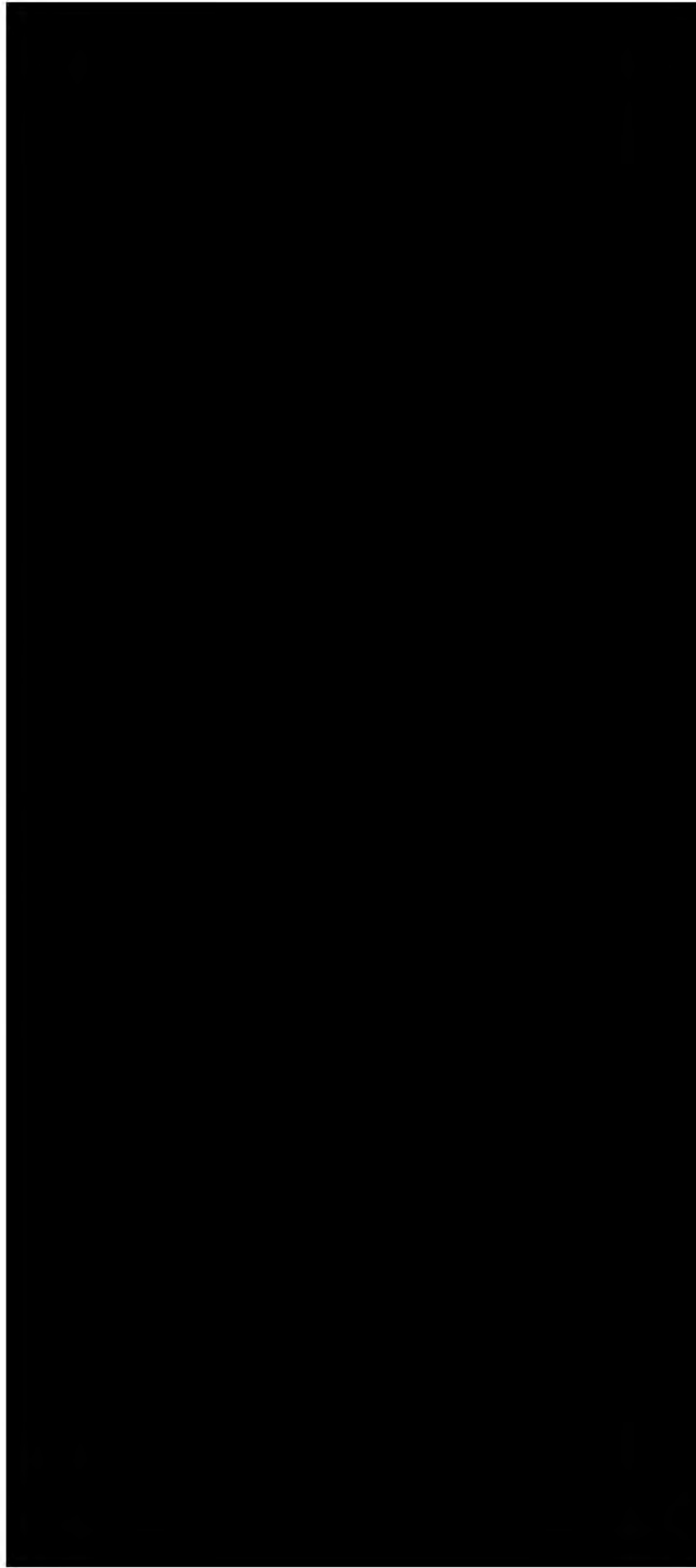
[REDACTED]

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Display  
Feb-Sep '19-'21

Display: [REDACTED] outperformed other strategies over past 3 years



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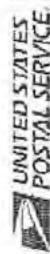
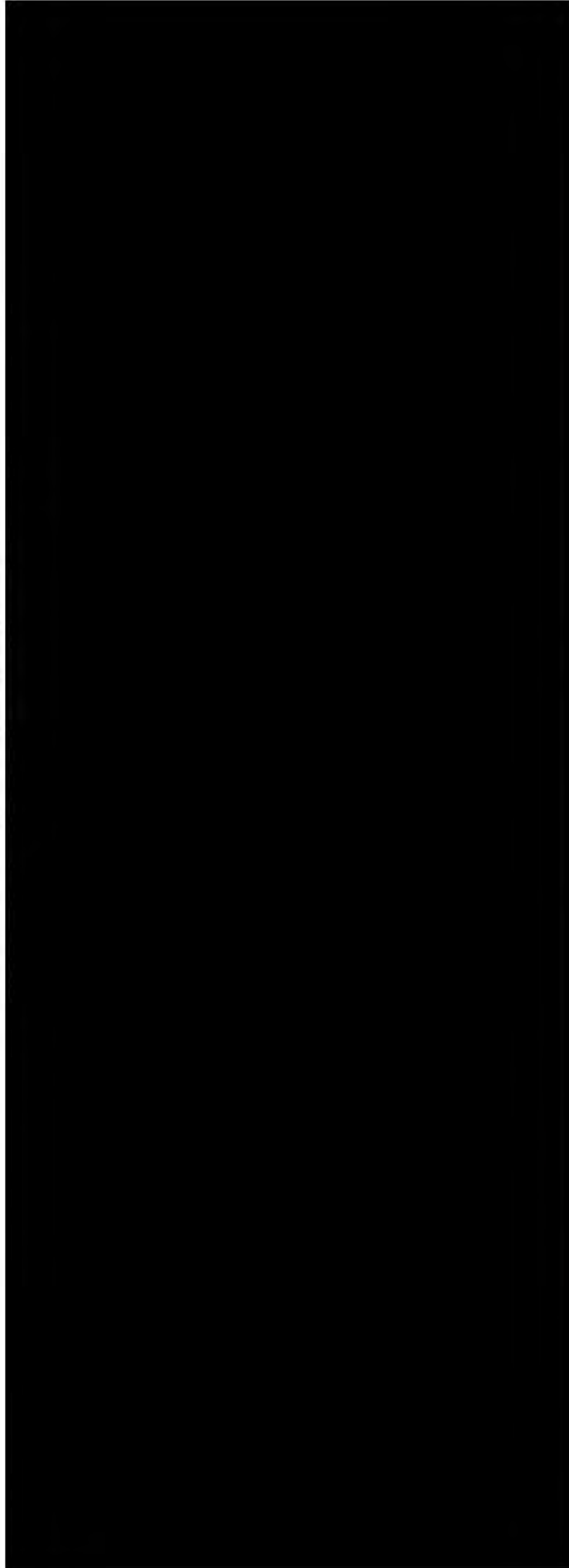
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Audio  
Feb-Sep '19-'21

outperformed [REDACTED] but with a much smaller spend.

- During the pandemic, [REDACTED] proved to be the most attention-grabbing channel, with strong ROAS across brands and categories despite higher CPMs\*
- Given the strong performance and broader trends, consider testing higher spend for [REDACTED]

Short-Term Marketing Revenue per 1000 Impressions



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\*Source: WARC best practices on audio and podcasts 2022

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Audio  
Feb-Sep '21

██████████ outperformed ██████████ but with a much smaller spend.

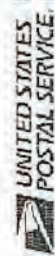
- High CPM drove ██████████ efficiency down



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# TARGET DEEP DIVE



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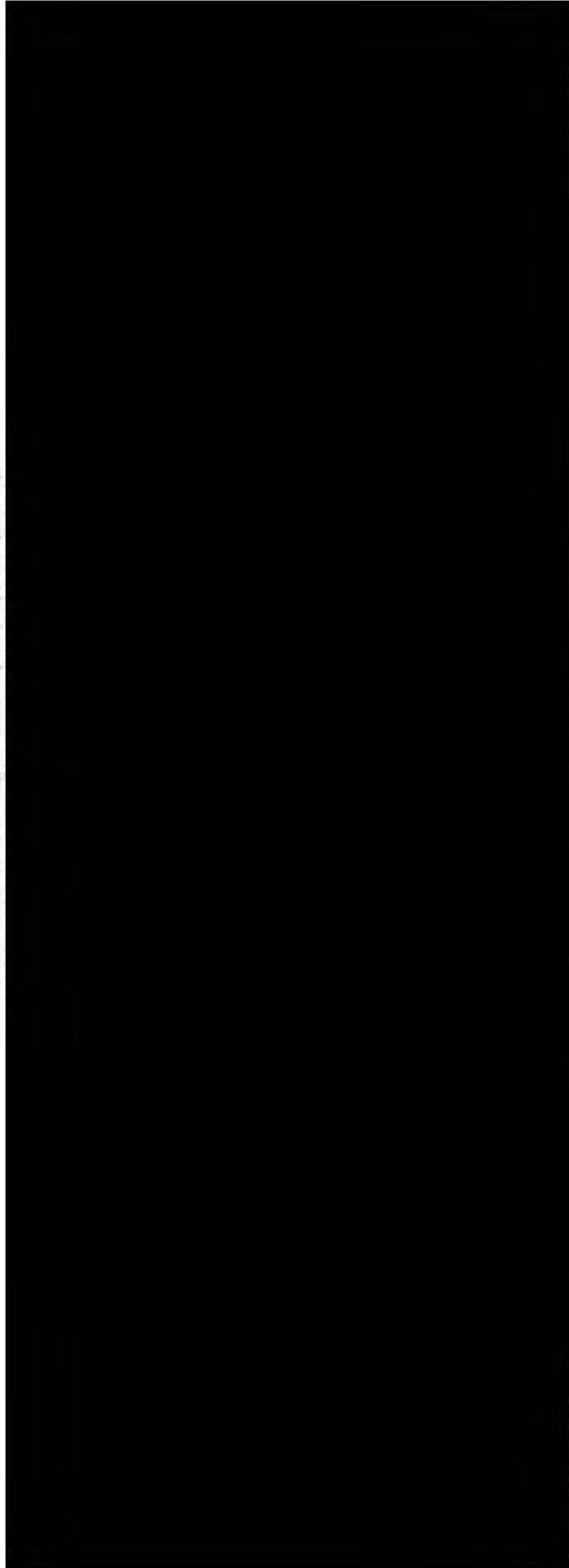
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Feb - Sep '19-'24

still showed higher ROAS compared to [REDACTED] but the differences became smaller compared to previous years

*This may indicate that with the current [REDACTED] strategy, we are reaching saturation. Consider strategies to supplement traditional executions to generate broader reach and excitement*

Short-Term Marketing Revenue per \$ Spend (ROAS)



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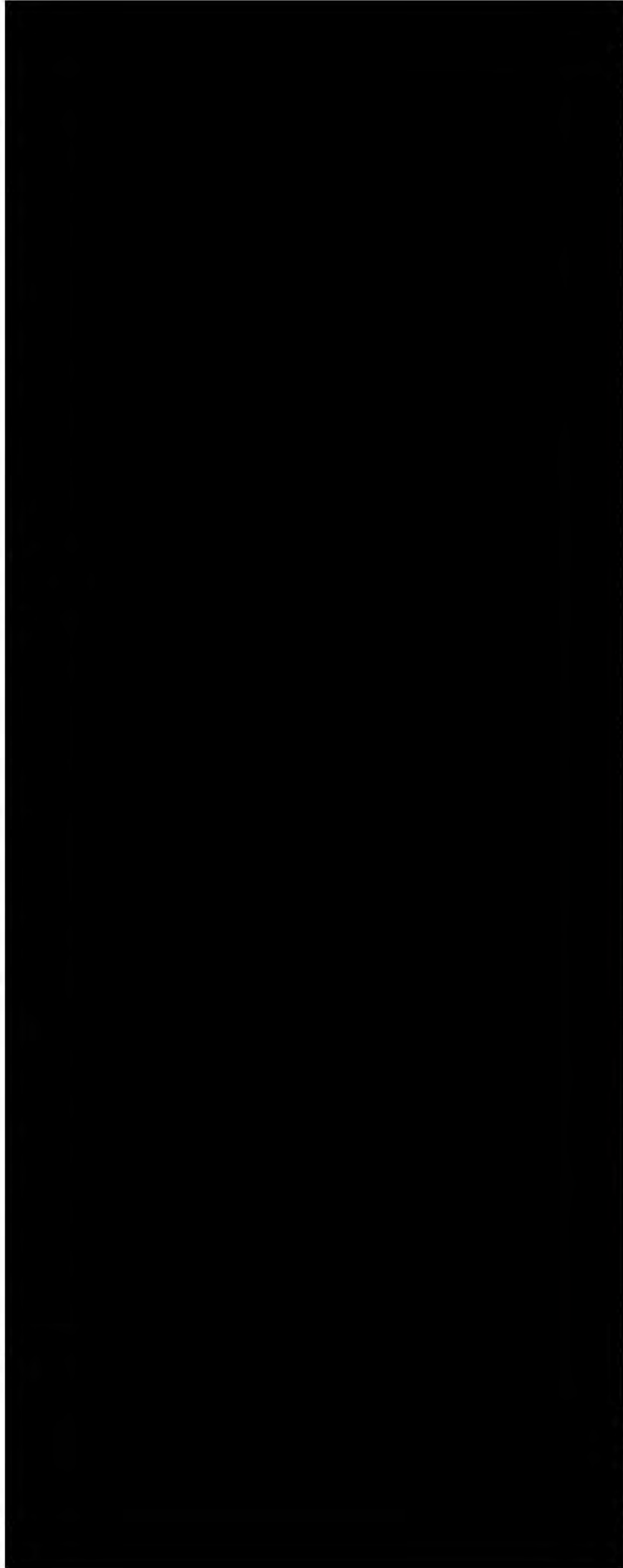
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Feb - Sep '19-'21

At current spend, [REDACTED] Display and Social were highly efficient

- [REDACTED] used to outperform [REDACTED] but fell below in 2021.

- [REDACTED] ROAS had increased with lower spend; however, it was still below [REDACTED] consistent with prior business campaigns



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Feb - Sep '24

At current Feb-Sep '21 spend, [REDACTED] Display and Social were highly efficient

- [REDACTED] used to outperform [REDACTED] but fell below in 2021.

[REDACTED]

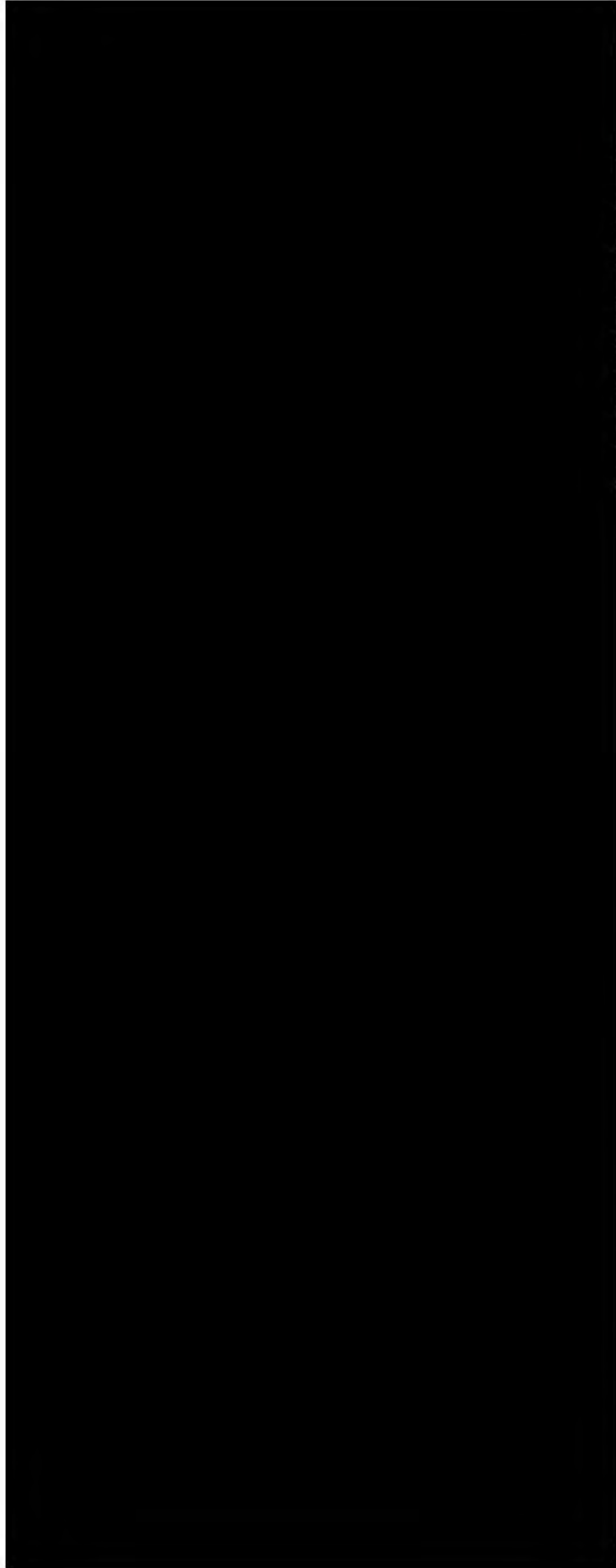


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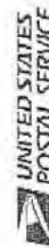
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FY21

At FY21 spend, [REDACTED] channels were highly efficient



\*Includes Feb-Sep '19, Feb-Sep '20, & Feb-Sep '21

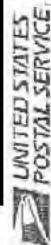
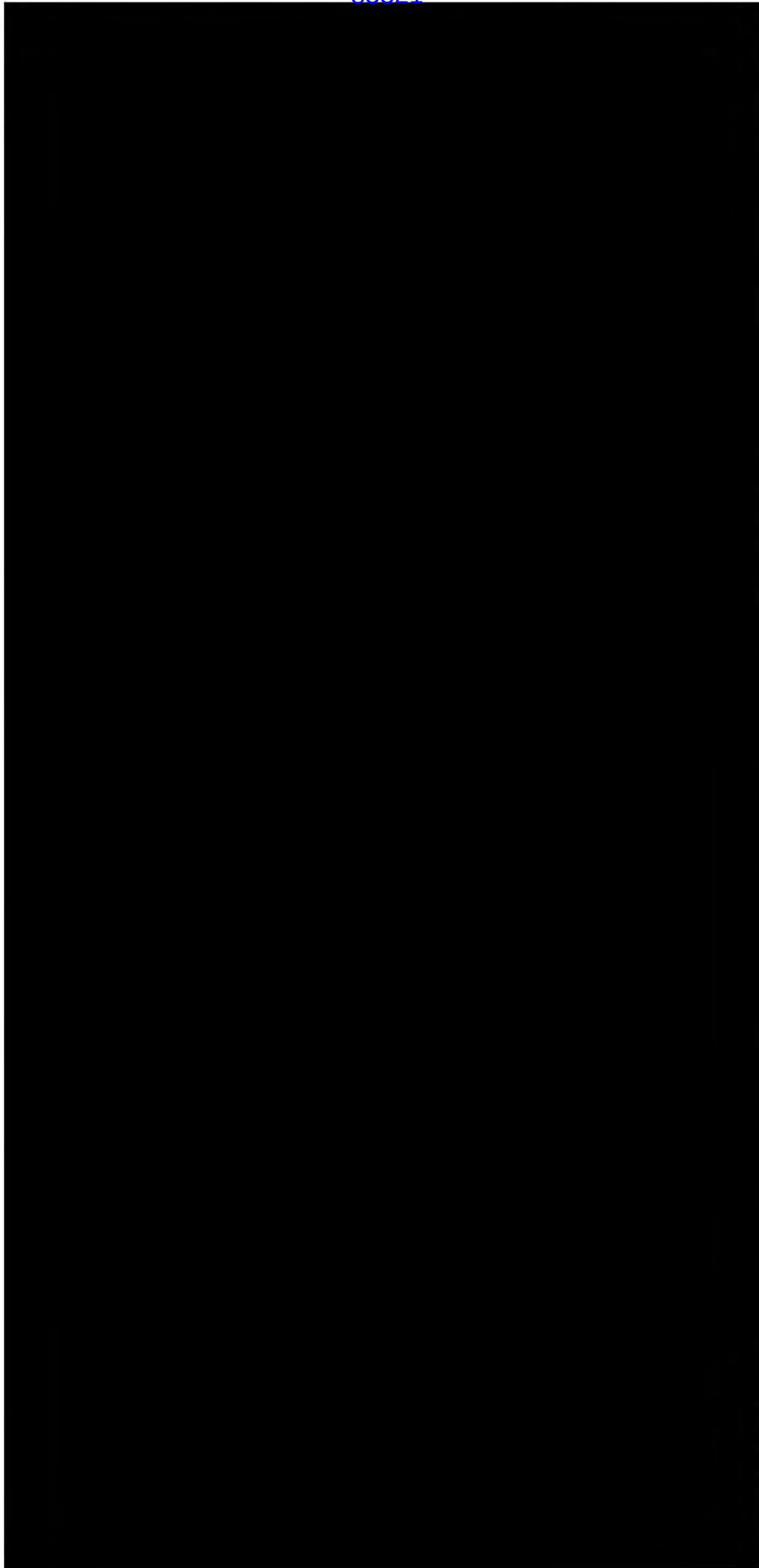


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## SUMMARY IMPLICATION



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# BRAND HEALTH RESULTS



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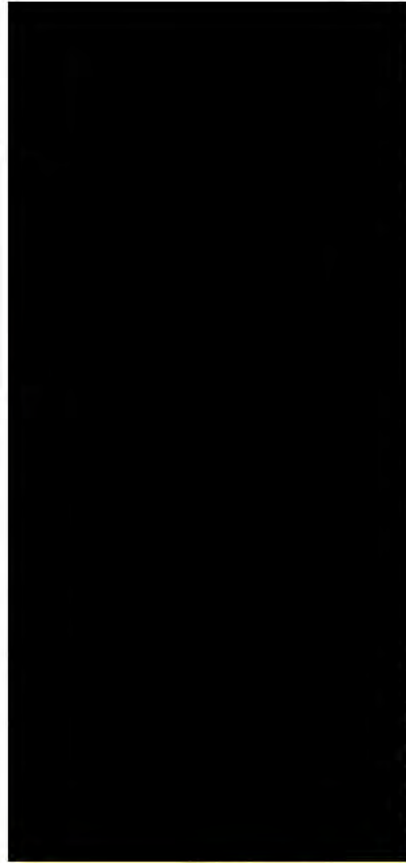
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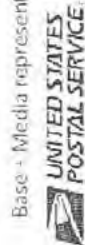


## Executive Summary

- Media proved to be a stronger contributor to [REDACTED] on a percentage basis
  - Contribution to Brand Health was between [REDACTED]
- [REDACTED] is a strong driver of full funnel impact across consumer and commercial
- Looking at Consumer KPIs, media performed best in driving [REDACTED]
  - [REDACTED] was effective in driving full funnel impact; [REDACTED] for impact on brand; [REDACTED] for driving short term sales
- Looking at Commercial KPIs, media performed best in driving [REDACTED]
- While [REDACTED] proved effective in driving full funnel impact, [REDACTED] was effective in driving Commercial Sales



Base + Media represents Top 2 Box average from BHT data Oct 2019 - Sep 2021



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+ Media contribution to consumer sales: 15.6%; commercial sales: 2.2%



Full Funnel Impact: Consumer + Commercial

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	Scope
KPI Source	Chadwick Martin Bailey (CMB)
KPIs (Top 2 box)	<p>Commercial:</p> <ul style="list-style-type: none"> <li><u>NPS</u>: Based on your overall experience with each company's document or parcel shipping services, how likely are you to recommend the products and services provided by USPS. Scale 0-10</li> <li><u>Opinion</u>: What is your overall opinion of USPS? Scale: 1-7</li> <li><u>Reliability</u>: Here is a statement that may or may not describe each organization's shipping services. USPS is reliable. Scale: 1-7</li> </ul> <p>Consumer:</p> <ul style="list-style-type: none"> <li><u>NPS</u>: Based on your overall experience with each organization's shipping services, how likely are you to recommend the products and services provided by USPS? Scale 0-10</li> <li><u>Opinion</u>: Now, thinking about the individual services of the United States Postal Service, what is your opinion of each of the following? Shipping services for packages Scale: 1-7</li> <li><u>Satisfaction – Timely Delivery</u>: Here is a statement that may or may not describe each organization's shipping services. USPS "Provides timely delivery" Scale: 1-7</li> </ul> <p>(Please note that the scales for each of these KPIs, and the composition of consumers responding to these questions is not equal. Therefore, the absolute values, effectiveness and efficiencies for each of these KPIs should not be directly compared)</p>
Time period	October 2018 – September 2021, Monthly
Variables	<p>Media*: TV, Search, Display – Equity, Display – Other, OLV, Radio, Print, Direct Mail – Equity, Social – Equity, Social – Other (Podcast/Streaming Audio, Direct Mail – Other, Influencer and Cinema were tested but didn't stay in the models)</p> <p>Non-Media: On Time Rate, Wait Time, COVID-19, Social Mentions, Seasonality, Satisfaction Drivers, Competition</p>
KPI Sample Size	<p>Commercial: avg. 262 per Month</p> <p>Consumer: avg. 453 per Month</p>

\* Equity: Informed Delivery + Business Equity + Holiday Equity. Other: Stamps, Letter Writing, TED NPF, Small Business Symposium, Sesame Street, Letter Writing, Come to the Booth;



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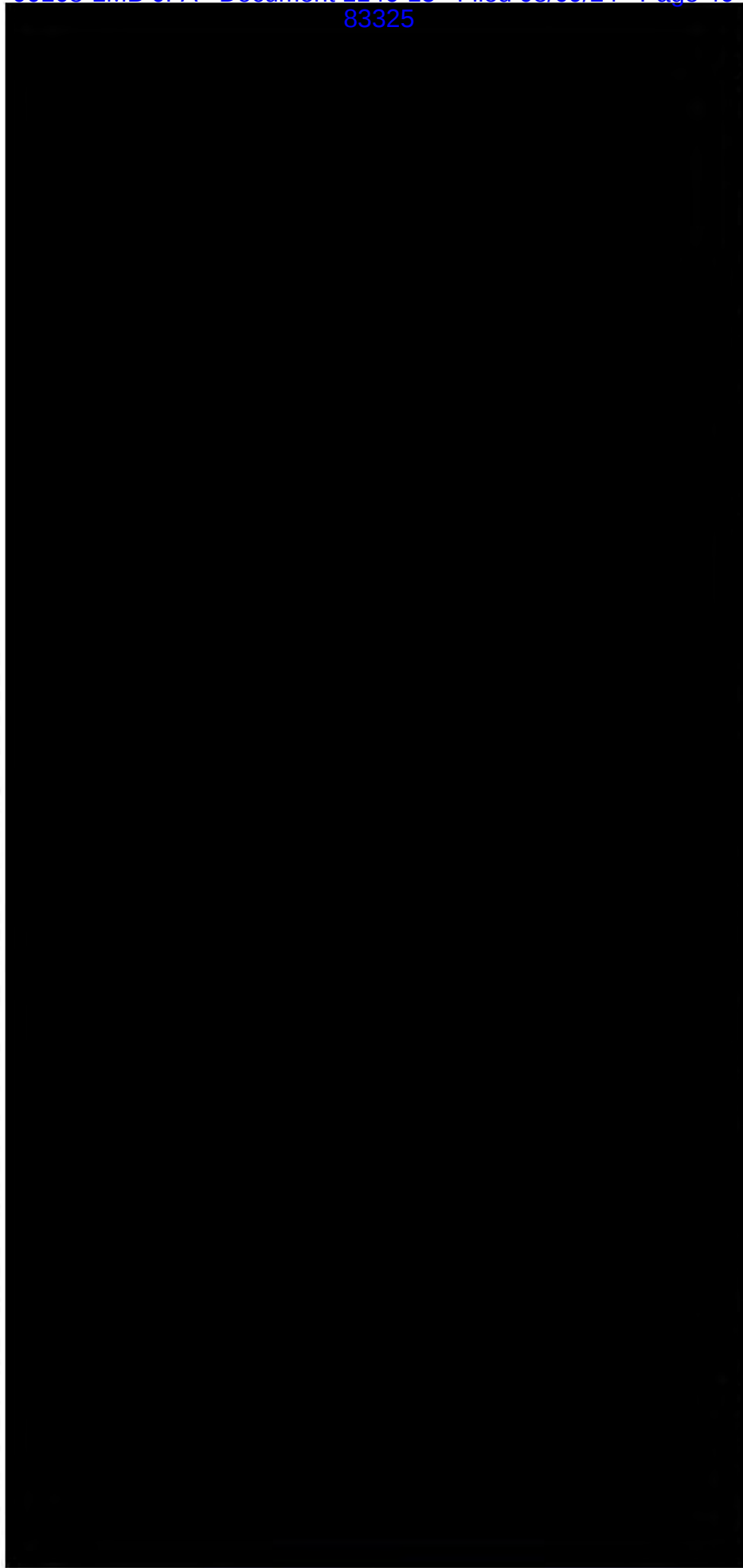
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## Brand Health KPIs showed declines as COVID persisted



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## Changes from the last round

In order to enable year over year comparisons, we have updated the effectiveness and efficiency definitions:

$$\text{Effectiveness (Old)} = \frac{\text{Avg. * Monthly KPI Points}}{\text{Sum of Impressions in 100MM}} \quad \text{-----} > \text{Effectiveness (New)} = \frac{\text{Avg. * Monthly KPI Points}}{\text{Avg. Monthly 100MM Impressions}}$$

$$\text{Efficiency (Old)} = \frac{\text{Avg. * Monthly KPI Points}}{\text{Sum of Spends in 100MM}} \quad \text{-----} > \text{Efficiency (New)} = \frac{\text{Avg. * Monthly KPI Points}}{\text{Avg. Monthly \$1MM Spends}}$$

Averages are calculated for weeks of KPI impact/execution only (previously all weeks were included in average calculations).

Switching to average monthly spends in calculation, allows for comparison across time periods with different flying and average weekly execution weights.

\*Old: Average includes all the weeks;

New: Average only includes weeks with KPI impacts or executions.

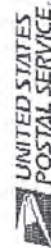


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# HIGH LEVEL OVERVIEW



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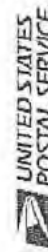
Media was significantly contributing to both Sales and Brand perceptions

Total Paid Media Performance

Commercial % Media Contribution	Consumer % Media Contribution
---------------------------------	-------------------------------

[REDACTED]	
------------	--

\* Consumer Sales include Digital and Retail revenue.



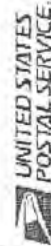
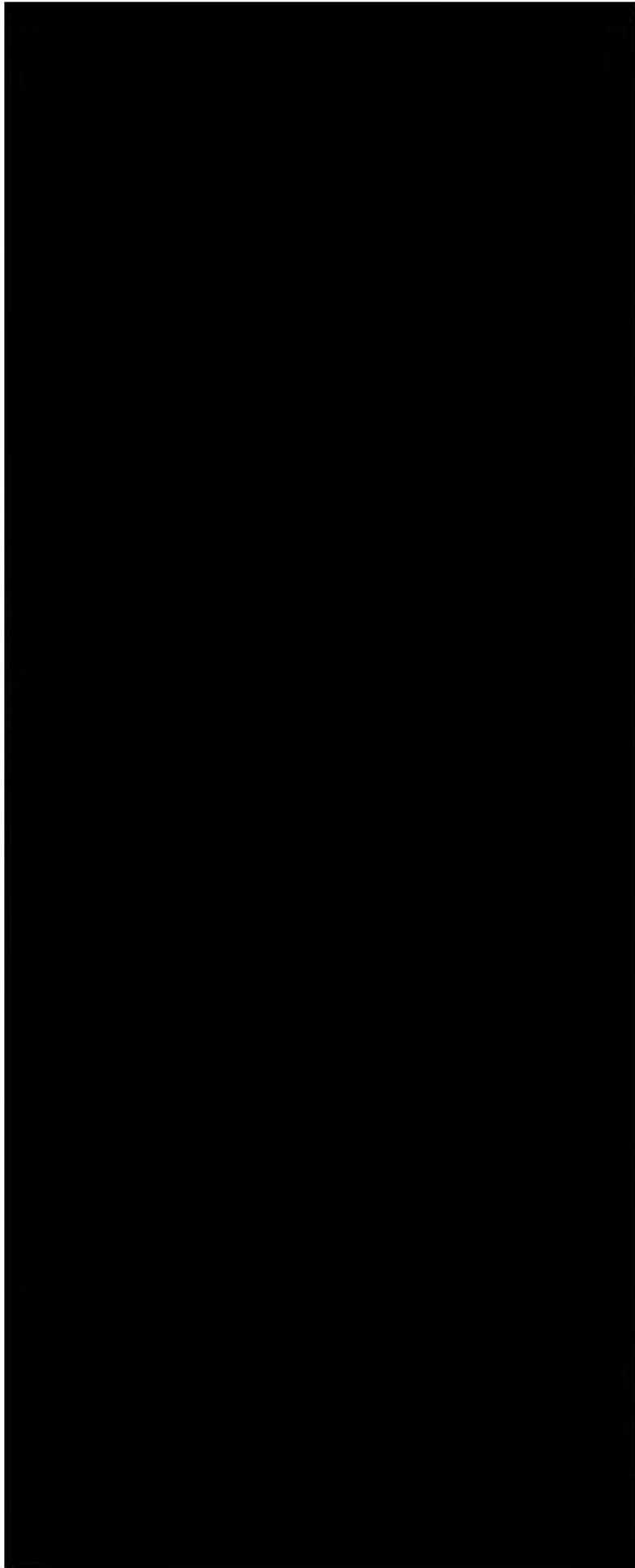
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Due to the differing nature of the business, media had a stronger impact on [REDACTED] brand health metrics [REDACTED]

Total Paid Media Performance

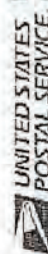


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# CONSUMER



Z. WERTSCH, *ANALYTICAL CHEMISTRY*, 32, 101 (1960); *see also* 32, 103 (1960).

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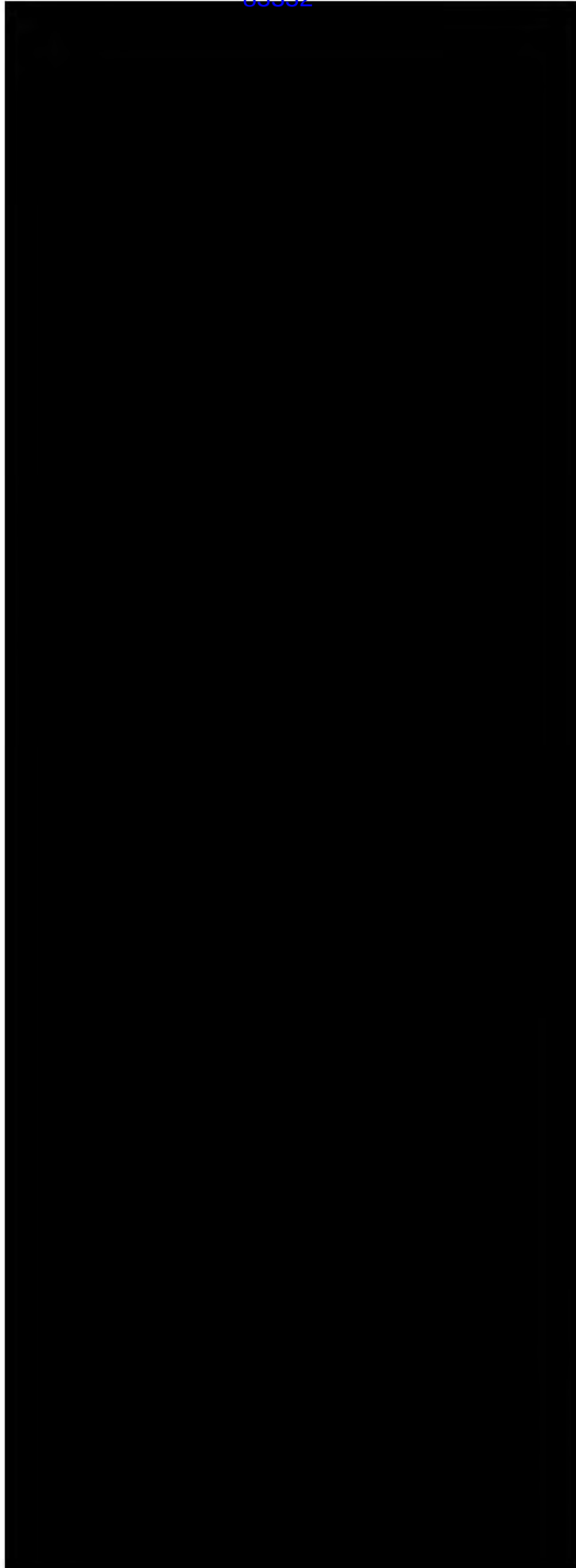
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Consumer

██████████ were the largest contributors to Consumer KPIs



\*Podcast\_SA, Direct Mail – Other, Cinema and Influencer are excluded from the model due to low execution.



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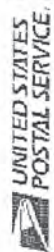
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# BRAND HEALTH VS. SALES



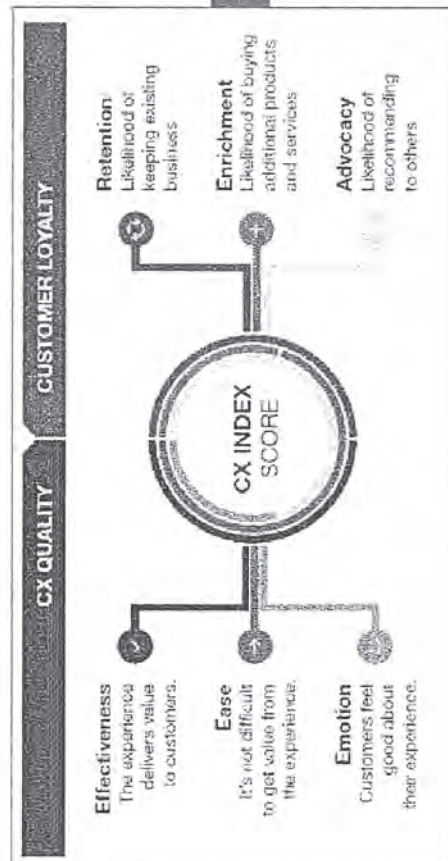
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






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**Forrester reported improved customer experience scores drove billions of \$ across industries**



CX=Customer Experience

Revenue Impact of 1-point improvement in Customer Experience Index Score*			
	Annual incremental revenue per customer	x	Average number of customers per company
 Auto manufacturers (mass market)	\$58.96	x	18 million
 Retailers (general retail)	\$5.23	x	100 million
 Hotels (upscale)	\$8.22	x	44 million
 Auto/home insurers	\$14.15	x	15 million
 Airlines	\$3.92	x	48 million
 Hotels (midscale)	\$4.02	x	30 million
 Banks (multichannel)	\$7.36	x	15 million
 Auto manufacturers (luxury)	\$117.80	x	350,000
 Credit card issuers	\$0.57	x	61 million
 Banks (direct)	\$8.51	x	3 million
		=	Annual incremental revenue per company
		=	\$1.1 billion
		=	\$523 million
		=	\$262 million
		=	\$212 million
		=	\$188 million
		=	\$121 million
		=	\$110 million
		=	\$41 million
		=	\$35 million
		=	\$26 million

Base: 97,931 US online consumers (18+) who interacted with a specific brand within the past 12 months  
Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2/09

Base: 97,931 US online consumers (18+) who interacted with a specific brand within the past 12 months  
Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2Q20



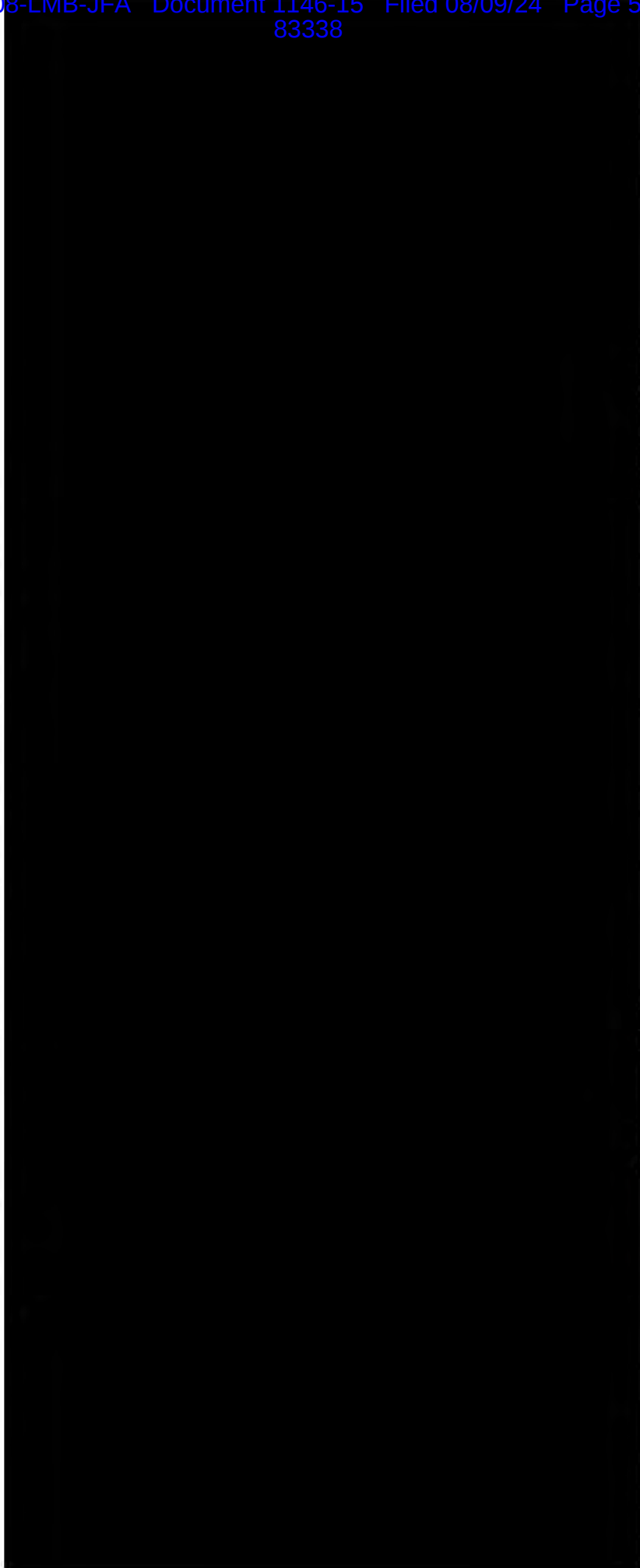
*J. Appl. Behav. Anal.* 1997, 30, 191-200.

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Consumer

██████████ were effective in driving full funnel impact, ██████████ stood out for its impact on brand, while ██████████ and ██████████ were effective in driving short term sales Effectiveness Index vs. Efficiency Index\* by Channel



Effectiveness Index

Effectiveness Index

\*Index to the average. Effectiveness = Avg. Monthly KPI Points/Avg. Monthly 100M IMPs; Efficiency = Avg. Monthly KPI Points/Avg. Monthly \$1MM Spends. \*\*Consumer Sales include Digital and Retail

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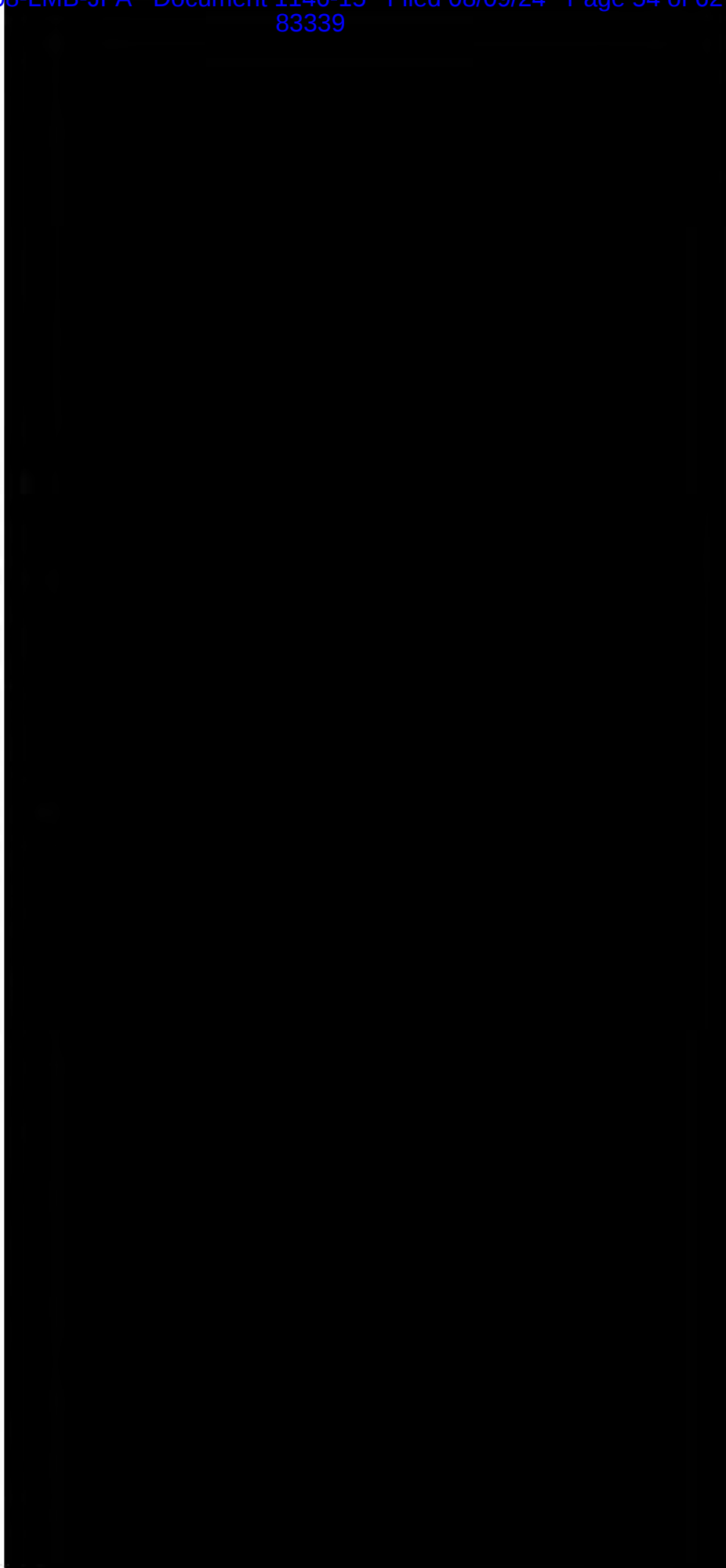
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Commercial

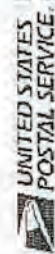
While [REDACTED] proved effective in driving full funnel impact, [REDACTED] were effective in driving Commercial Sales Effectiveness Index vs. Efficiency Index\* by Channel



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# APPENDIX



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## MMM evaluates short term impact of marketing on sales and brand health metrics

## Define the Scope



# Interrogate the Data



## Specify Variables



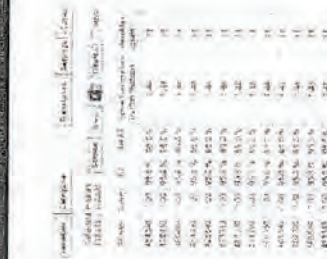
## Model and Iterate



## Review Multiple Options



## Evaluate the stats



## Evaluate the business sense



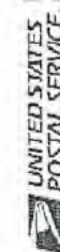
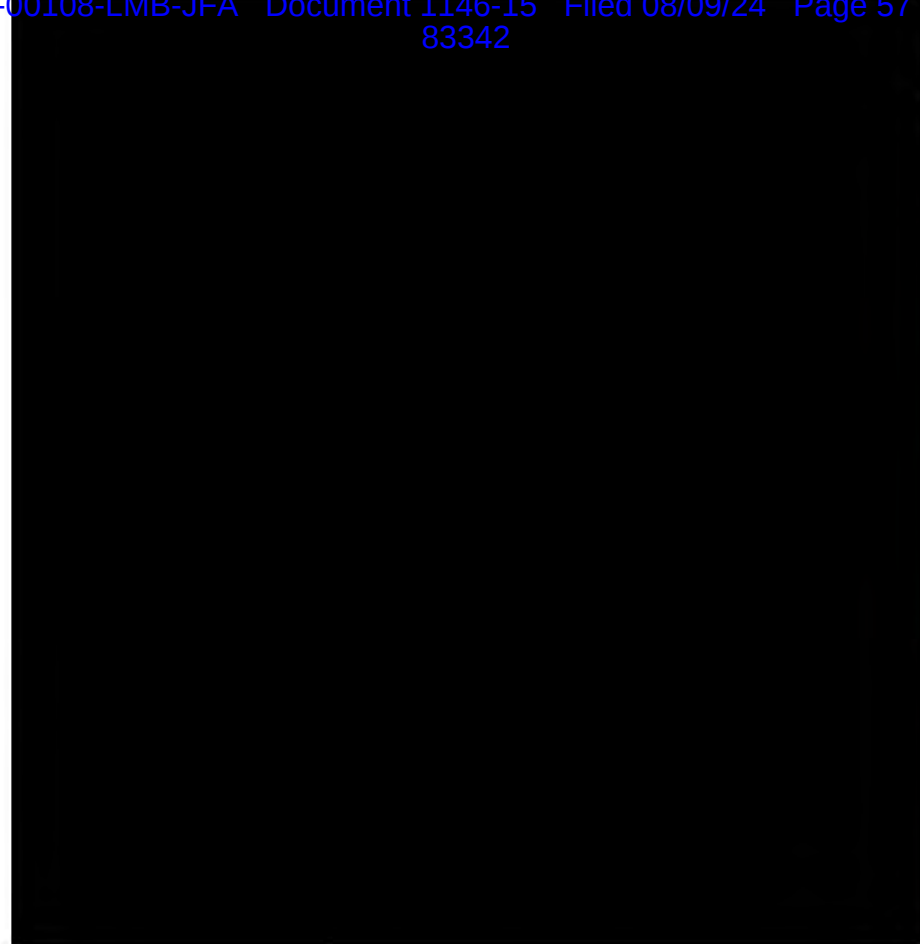
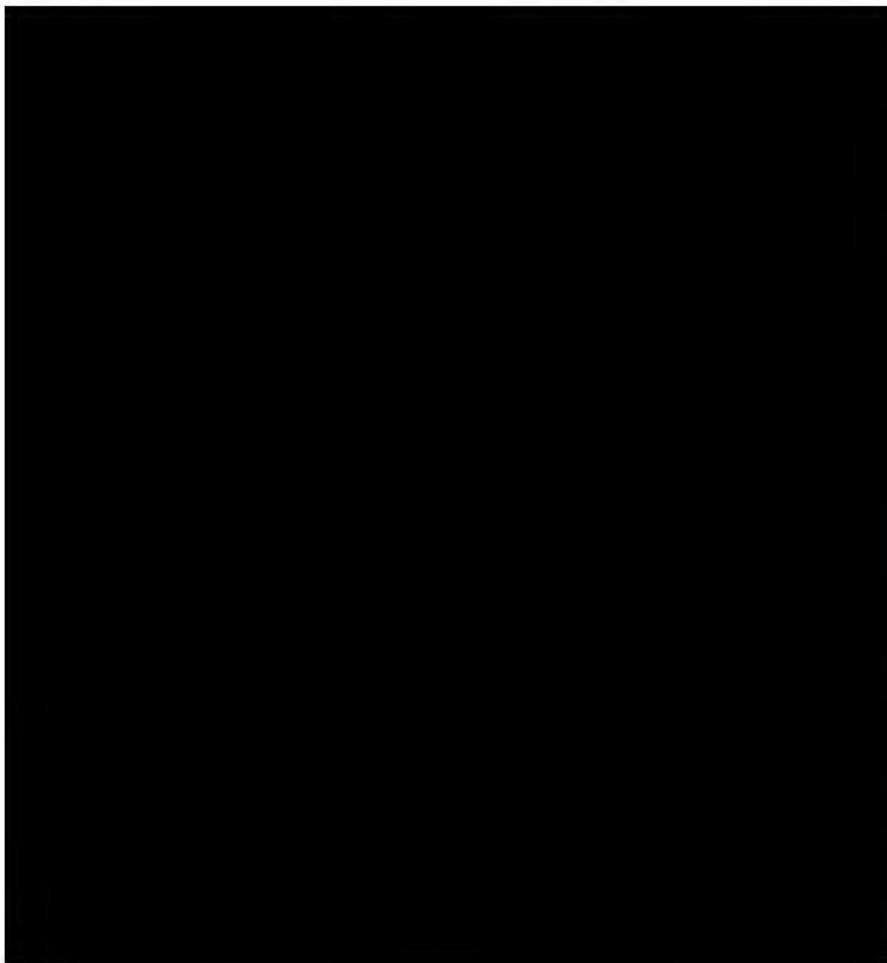
## Optimize and Plan

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## MMM Goes Beyond Simple Correlations



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## Brand Health Model vs. Sales Model

Brand Health Model		Sales Model	
LOBs	Consumer, Commercial	Retail, Digital, Commercial	
Periodicity	Monthly	Weekly	
Scale	1 to 100 Points	\$50B+ per Year	
Marketing Impact	<ul style="list-style-type: none"> <li>KPI changes are slower and occur over a longer period of time.</li> <li>Media typically doesn't drive dramatic changes</li> <li>Creative messages have notable impacts</li> <li>Score can't be more than 100 points</li> </ul>	<ul style="list-style-type: none"> <li>Seasonal and needs based</li> <li>Media could drive quick and notable changes</li> <li>Media impact as % (though not dollars) is greater for Retail and Digital as much of Commercial would be driven by contract commitments</li> <li>Revenue has no up limit</li> </ul>	
Usage	Rationalize the brand marketing budgets and understand the impacts of media plans	Simulate and optimize media plans for maximum revenue	

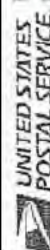


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Competitor media was stronger in JFM '21 compared to previous years, while USPS had low media weights.

- Stronger competitor media in JFM further impacted USPS negatively.



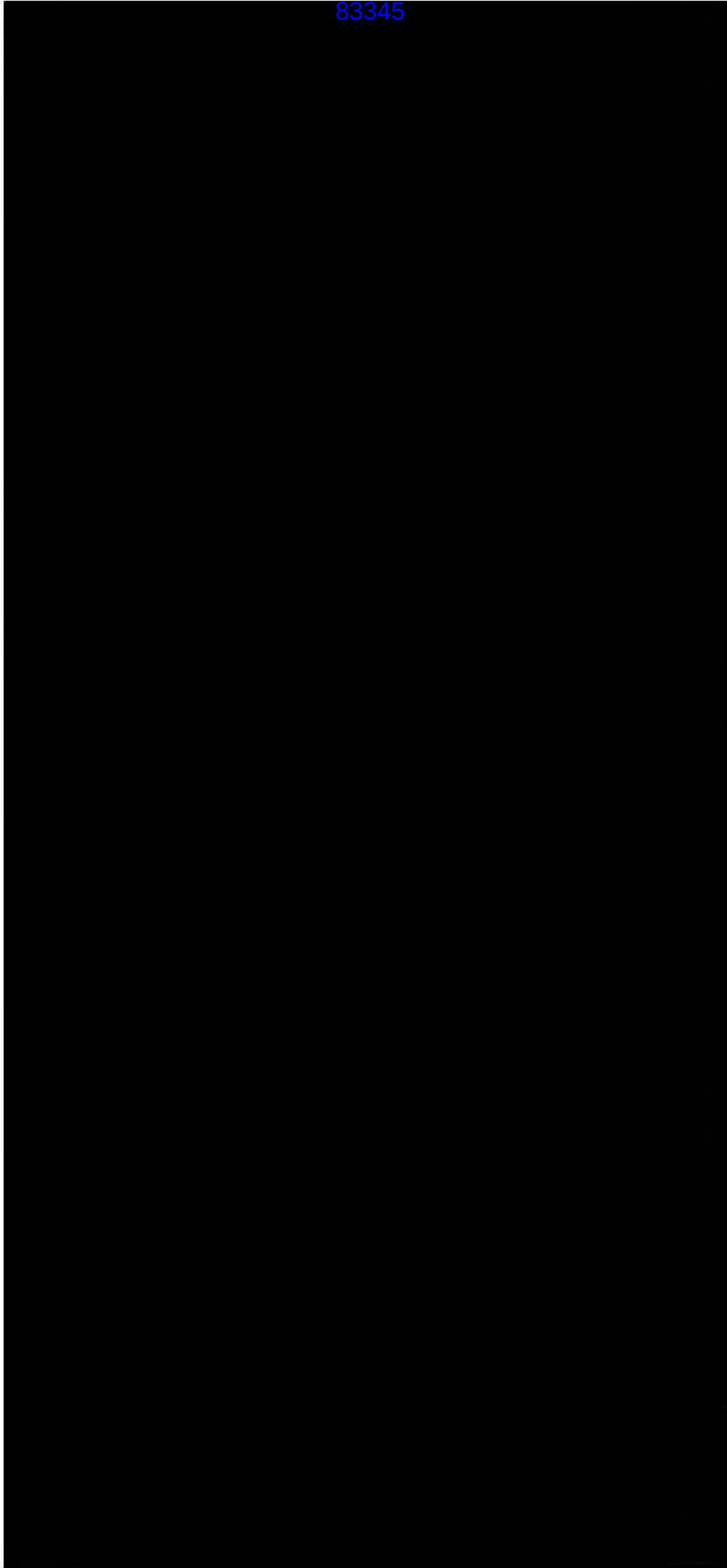
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\*Competitive spend data sourced from Kantar

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Commercial

## Search and OLV exhibited variability across Commercial KPIs



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Consumer

Search and Display exhibited variability across Consumer KPIs



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Feb - Sep '19-'21

### **campaigns saw strong ROAS over past 3 years**

- Compared to Feb-Sep '19, [REDACTED] didn't perform as well in Feb-Sep '21 due to the low media weights & SOV in JFM
- Though it had smaller share of overall spend [REDACTED] showed strong returns on ad spend

